Homecare Association

2022

High fuel costs – the ongoing impact on homecare

Findings of Homecare Association member survey, July and August 2022

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Executive summary

High fuel prices are leading to a reduction in homecare capacity, as homecare workers and their employers are struggling to cover increased costs of driving, without adequate additional income. The resulting exodus of homecare workers, inadequate availability of homecare to support people in communities and the NHS, and significant worry about the long-term sustainability of care businesses, ought to be a wake-up call to the Government for immediate action.

In a new survey of 509 homecare providers conducted by the Homecare Association, representing over 69,300 careworkers supporting over 118,700 people in their own homes, more than half stated that staff had given notice or already left, whilst 59% said that staff intended to seek work elsewhere, as they cannot afford to pay for petrol or diesel for their cars – a situation that has worsened since our previous survey in March 2022. Nearly all providers asserted that their staff had expressed anxiety about the increase to current or potential future cost of living.

The resulting shortage of careworkers has led to 57% of the providers surveyed declining new clients. Indeed, almost two-thirds (65%) were declining accepting any new clients where visits were predominantly rural – 17 percentage points higher than that for providers of mainly urban-location visits. Other than Greater London, most providers in every region of the United Kingdom have refused new clients.

Approaching a fifth of the sample (17%) noted that they had ended care to any current clients. A quarter of respondents who operate mainly in the state sector had stopped the delivery of care to some existing clients – a figure is that 13 percentage points beyond that recorded in the private-pay part of the market.

The effect of the increase in fuel prices on the sector is made even more acute by the fact that 87% of careworkers use either their own vehicles or company vehicles (whether powered by petrol or diesel), with more than four-fifths (82%) alone driving their own vehicles. 5% apiece use either public transport or walk to clients' homes.

Less than a tenth (9%) of respondents determined that additional funding had been supplied by either the local council or NHS to help with the fuel price rises. Meanwhile, only 6% knew of contingency arrangements produced by their local authority so that careworkers can obtain fuel in the event of queues or shortages.

Nine-tenths (90%) of the sample described themselves as either concerned or very concerned by how the increase in fuel prices could affect the financial viability of their organisation.

More than three-quarters (78%) noted that their careworkers had requested a rise in the mileage rate being paid. Over half (54%) of respondents were reimbursing their staff for mileage at a rate of between 21p and 35p per mile. Alarmingly, 2% claimed that they do not even pay mileage rates to their careworkers. On the flipside, more than a fifth (22%) were offering reimbursement between 41p and 50p per mile. The data also reveals a difference of 14 percentage points between predominantly state-funded respondents and their private-pay counterparts regarding payment of 30p per mile or less for mileage. There was also evidence that mileage rates are lower in the North compared with the South of England, reflecting the disparity in fee rates received for homecare. In our previous survey in March 2022, most providers were paying mileage rates of 30p or less, so mileage rates in homecare appear to have increased, though remain well short of the rate of 56p per mile paid to NHS workers.

Proposed expansion of the Ultra Low Emission Zone (ULEZ) in London, and Clean Air Zones (CAZs) in other cities, will likely also result in increased costs for homecare workers. A handful of providers surveyed told us that commissioners have indicated there will be no extra funding to cover clean air charges. In some cases, this has already resulted in homecare agencies ceasing to provide care to people living within these zones, due to the extra cost of entering these zones multiple times a day.

Tackling the rise in fuel prices to ensure continuity of service is a short-term aim, but the Government must also recognise the bigger picture – namely, the inextricable link between health and care systems, and that greater investment in homecare would relieve pressure on the NHS. Historically, central funding for homecare has only been a fraction (4%) of the spend on the NHS. And yet, a high proportion of delayed discharges from hospital are due to people waiting for homecare, while councils now have waiting lists for assessments for care of more than half a million.

The Homecare Association continues to urge the Government to:

1. Provide temporary grant funding of £107 million p.a. as a fuel allowance to cover increased costs of fuel for vehicles needed to deliver homecare;
2. Add health and care workers to the national list of exemptions for chargeable Clean Air Zones (or variants thereof) and support the lease or purchase of electric fleet vehicles for homecare services to enable a reduction in emissions in homecare in the longer-term;
3. Provide £1.7 billion p.a. of additional funding for homecare to ensure that fee rates cover costs and careworkers receive fair remuneration, including full recompense for work-related expenses such as mileage. Such investment is needed to build workforce capacity and reduce unmet need, recognising that NHS hospitals will never succeed in reducing their waiting lists if they cannot free up beds by discharging people back home.

Background

2022 has seen a dramatic rise in the cost of living in the United Kingdom, with sharp increases in household energy bills and fuel costs arguably the two biggest concerns. Financial pressure is greater for those on lower incomes, such as homecare workers.

Fuel costs rose to record levels – by the end of June 2022, the UK average annual increase in price per litre was 46% for petrol and 48% for diesel. For the homecare sector, this is a critical issue - around 540 million homecare visits are made per year, amounting to an estimated 1.5 billion miles being driven. The Homecare Association calculated that an extra £107 million was being spent by the sector annually on fuel.

Fuel price rises are a particular issue for delivery of homecare in rural areas, where careworkers are heavily dependent on driving cars, as public transport is less frequent and accessible. In urban areas, homecare workers can face a different dilemma if they drive for work – a handful of cities have, or are expected to have, a chargeable Clean Air Zone to improve air quality. The most expensive of these is the Ultra Low Emission Zone in London, which looks set to expand and a daily charge of £12.50 is in operation for vehicles that do not meet emissions standards. Public transport in cities could be a more feasible option than in rural areas, but in 2022, this mode of travel has been hampered by the ongoing railway strikes.

In March 2022, the Homecare Association surveyed its member organisations on the effect of the increase in fuel prices on the homecare sector. More than four-fifths (82%) concluded that the primary concern that staff had expressed on the cost of living was either the cost of fuel or energy bills.

We also highlighted a notable difference regarding the pay rates for careworkers in the self-funded and state-funded parts of the sector. This, *per se*, was no surprise – the inadequate fee rates being offered by public commissioners for homecare has been documented in the Homecare Deficit 2021. But with Skills for Care data showing vacancy rates in homecare at a record high and a fall in the estimated number of filled posts since 2020-21, this brings into focus the issues around reduced service capacity, increasing unmet need and delayed hospital discharge (as well as the knock-on effects this has, in turn, on the NHS).

As a follow-up to this previous research, the Homecare Association conducted a further survey of our members to determine the ongoing fuel cost impact. The key points from the survey are summarised below.

About the collection method and response rate

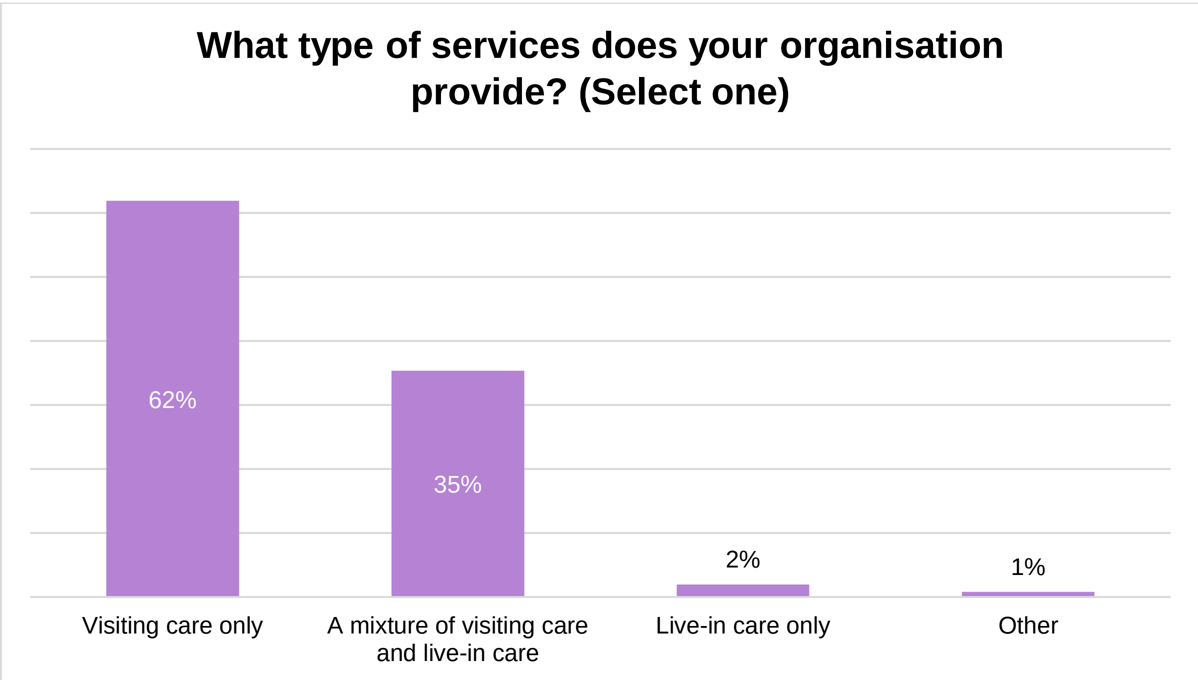
Responses were collected through a self-selecting online survey of Homecare Association member organisations between 28 July and 18 August 2022. Responses were received and accepted from 509 homecare providers, large and small, state-funded and private-pay funded, across the United Kingdom. In total, the sample was delivering care to more than 118,700 clients and had over 69,300 careworkers.

In our analysis, we have excluded the very small number of responses stating that they did not know or preferred not to say the answer to one or more individual questions, as well as individual providers where questions were not applicable to them.

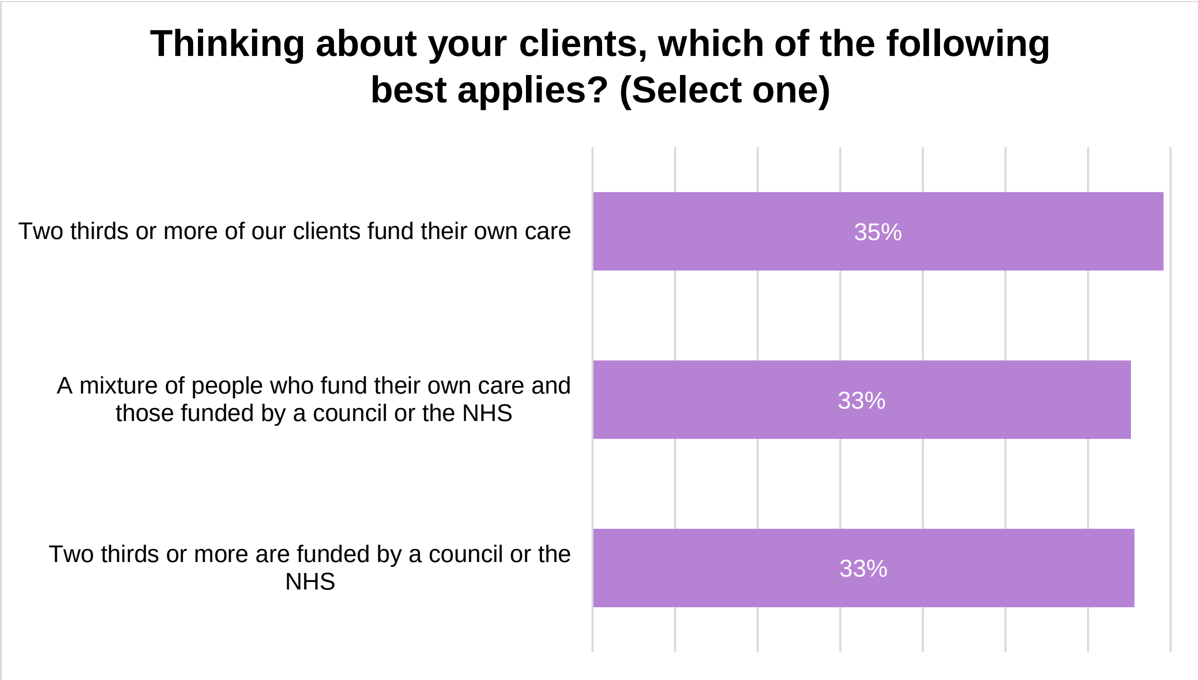
Organisations completing the survey

The survey was completed by providers that offer different types of service, as outlined in the graph below, with more than three-fifths (62%) delivering visiting care only.

Members that provide visiting care only or a mixture between visiting care and live-in care had the opportunity to answer all questions in the survey where applicable; members that answered ‘Live-in care only’ or ‘Other’ could only answer questions relating to the cost of living more generally (and not those specific to fuel/travel).

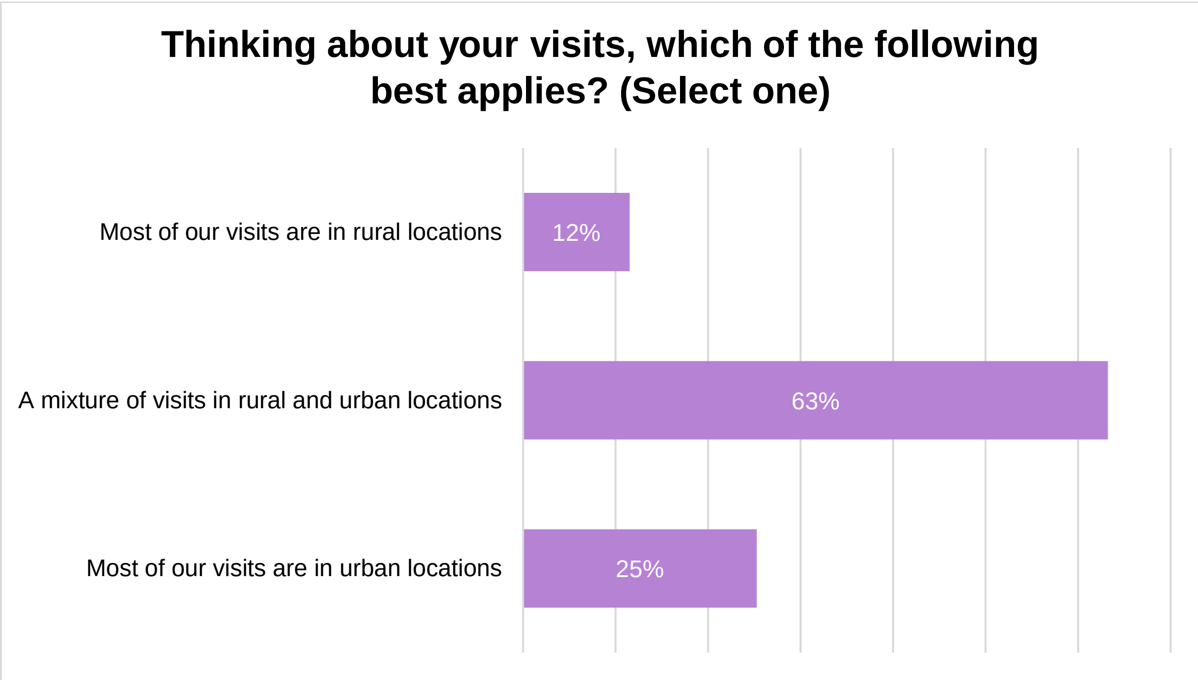


Responses were also received from providers serving either predominantly state-funded or self-funding clients, or a mixture of both. Indeed, the split between the three categories was very even.



Members were invited to state the region in which their organisation is based, with the opportunity to select more than one region if required. We obtained responses from the nine English regions, as well as each of the devolved administrations.

Furthermore, of those delivering either visiting care only or visiting care/live-in care, over three-fifths (63%) were conducting visits to a mixture of rural and urban locations.

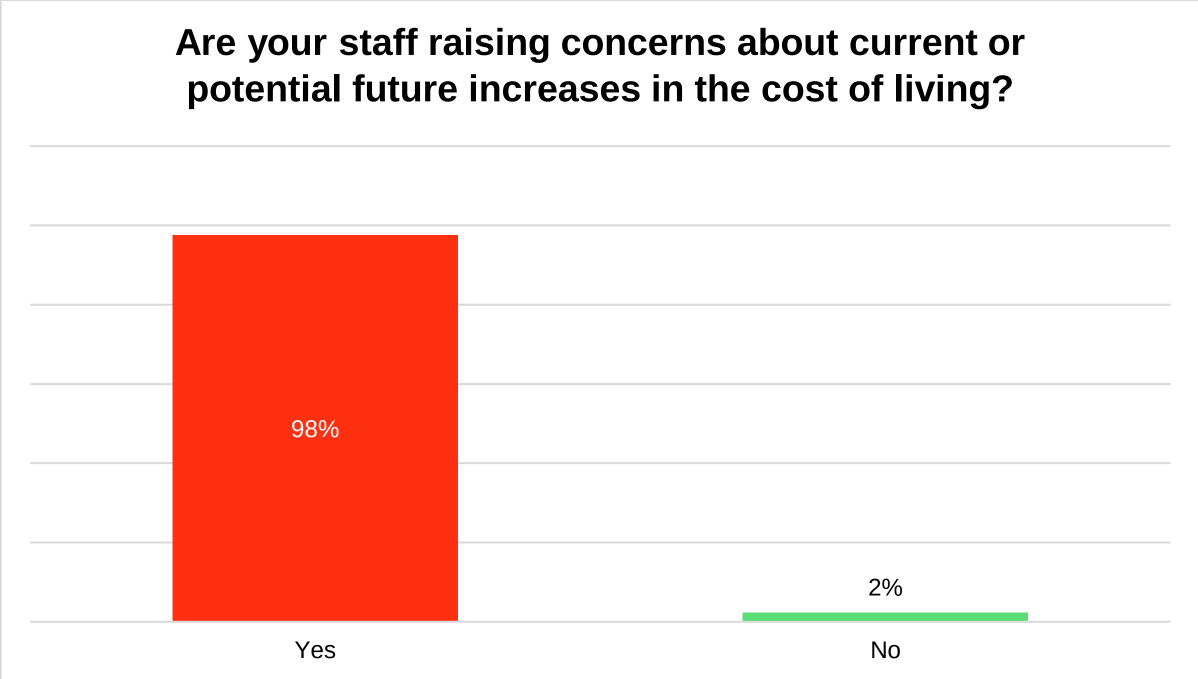


NB. Data labels on the graphs have been typically rounded to the nearest whole number. Where percentages have been, for example, added or subtracted, exact figures have been used – hence, there may be occasional rounding differences from the graph labels.

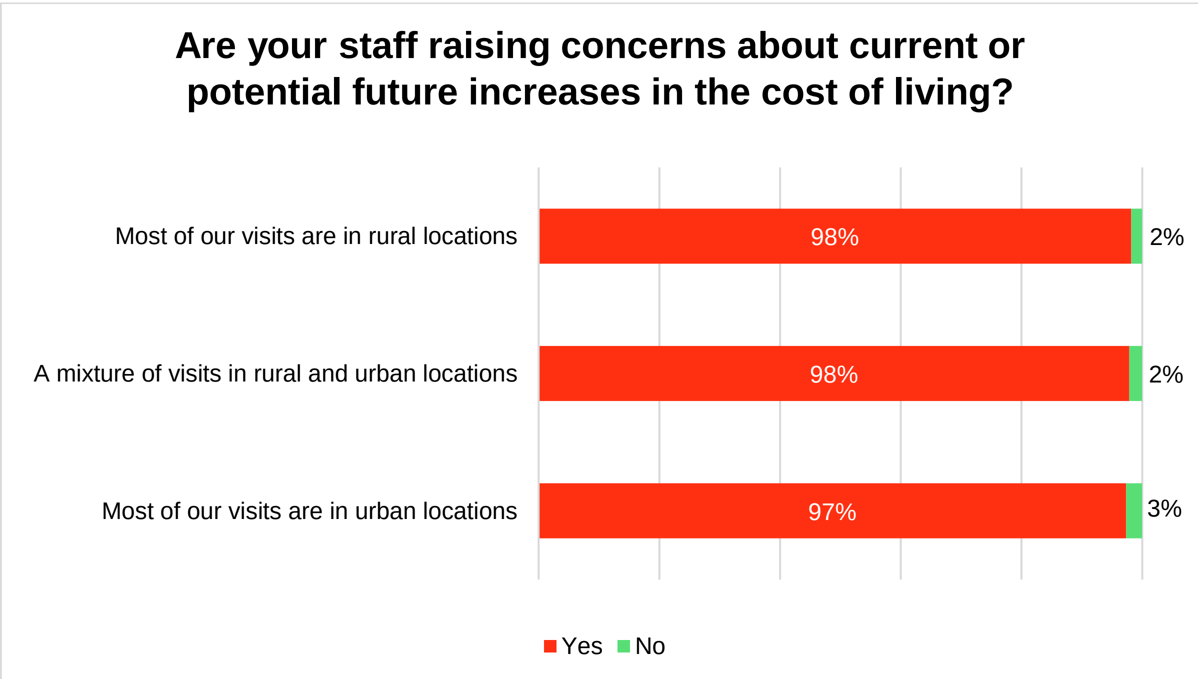
Results

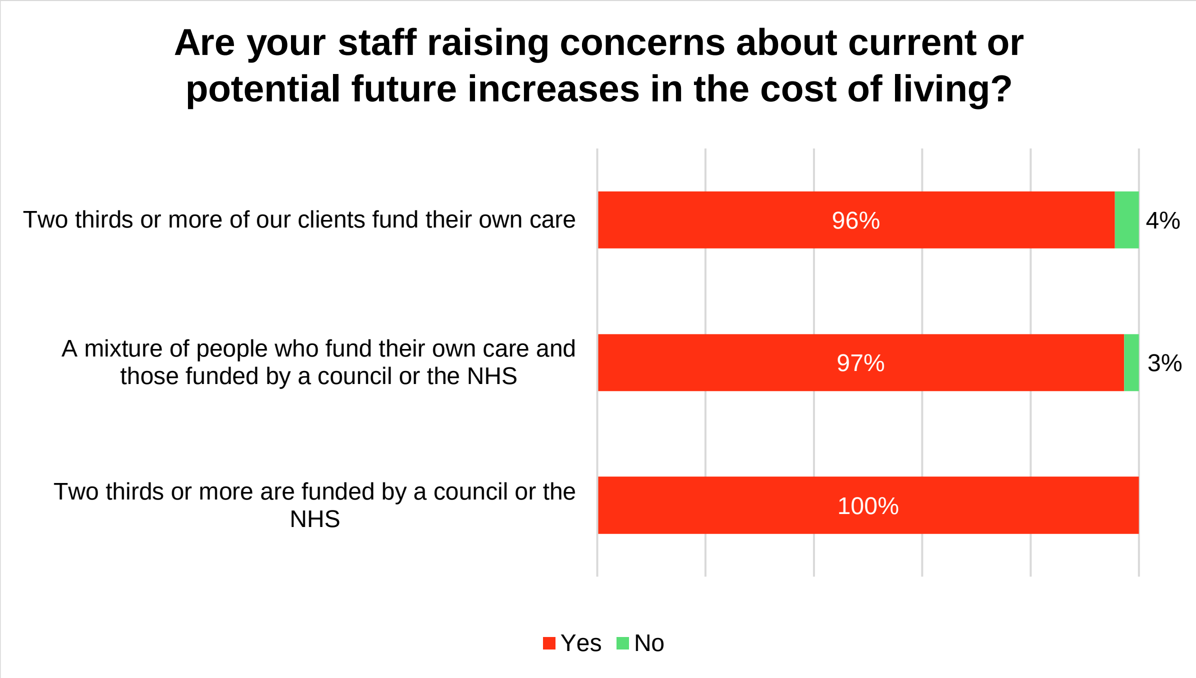
Cost of living

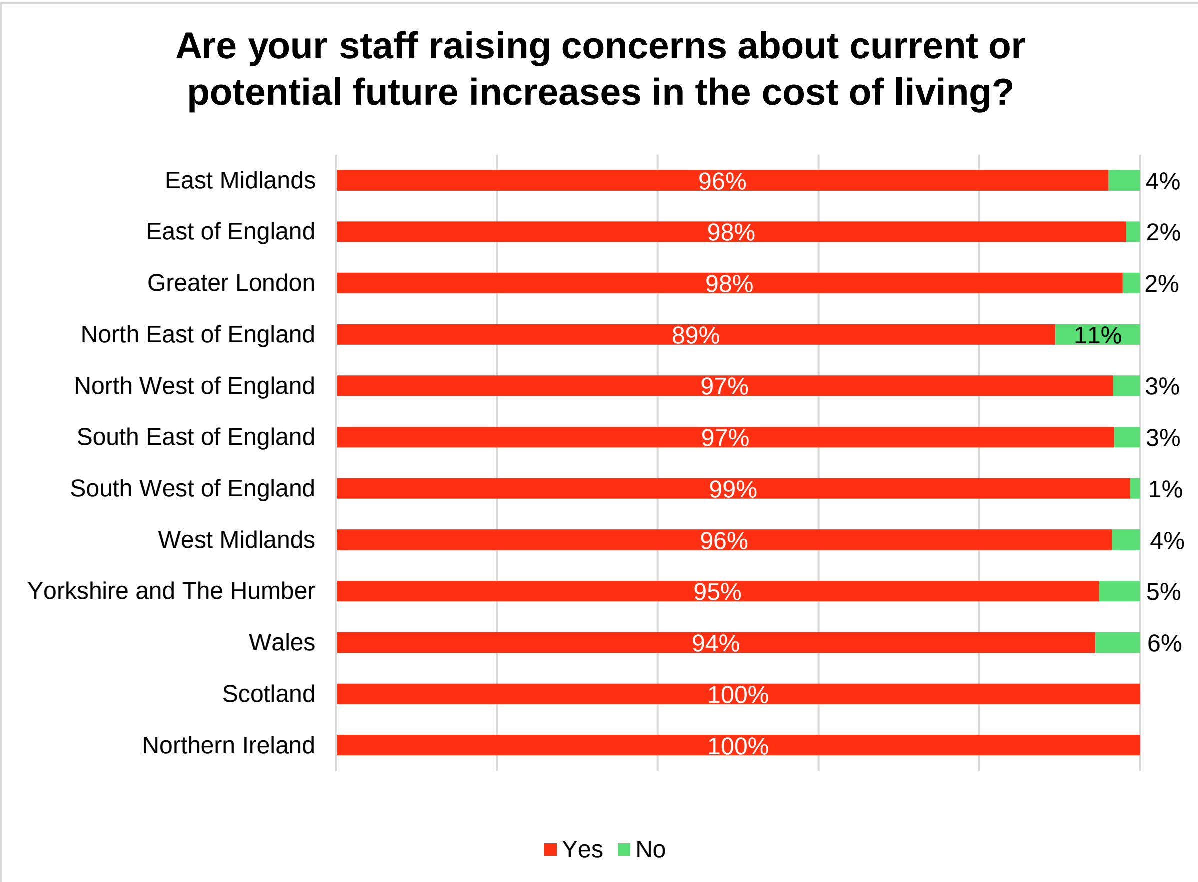
An astonishing 98% of providers asserted that their staff had expressed anxiety about the increase to the current or potential future cost of living – three percentage points higher from when the question was asked in the previous iteration of this survey from March 2022.



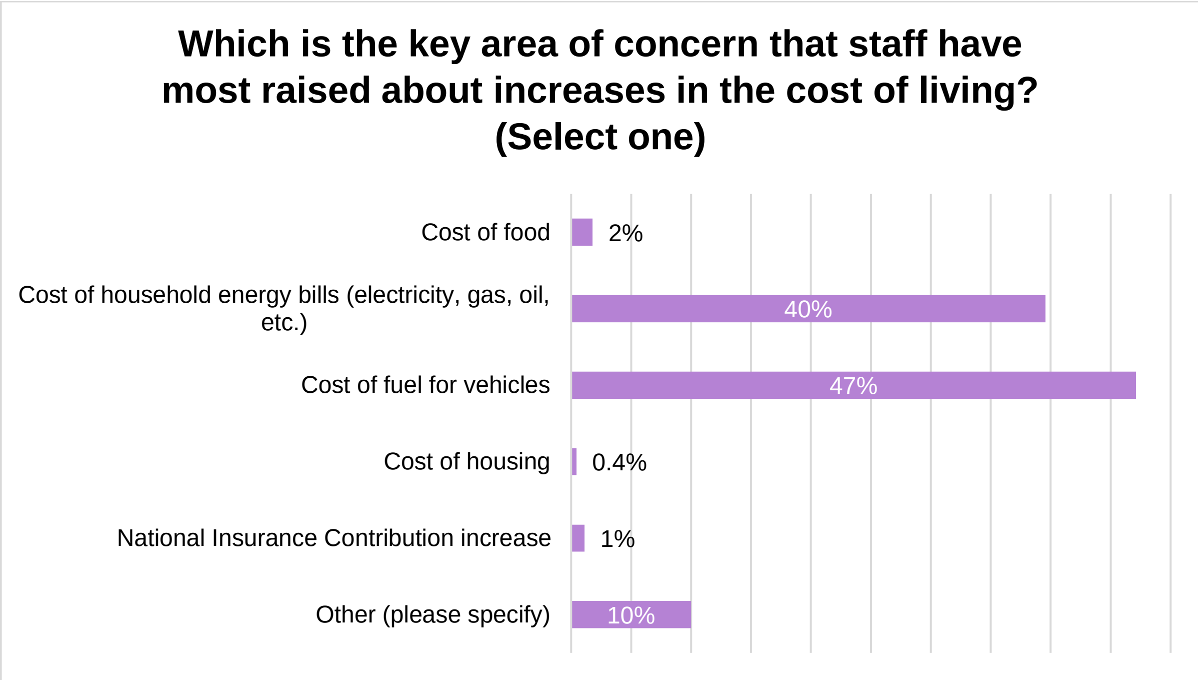
The following graphs reveal that this concern is universal, when splitting the data by visit location, funding source or region. Perhaps most notably, every respondent that is predominantly state-funded said that staff had raised concerns about the cost of living.




Are your staff raising concerns about current or potential future increases in the cost of living?
Two thirds or more of our clients fund their own care
96%
4%
A mixture of people who fund their own care and those funded by a council or the NHS
97%
3%
Two thirds or more are funded by a council or the NHS
100%
Yes
No


Are your staff raising concerns about current or potential future increases in the cost of living?
East Midlands
96%
4%
East of England
98%
2%
Greater London
98%
2%
North East of England
89%
11%
North West of England
97%
3%
South East of England
97%
3%
South West of England
99%
1%
West Midlands
96%
4%
Yorkshire and The Humber
95%
5%
Wales
94%
6%
Scotland
100%
Northern Ireland
100%
Yes
No

Approaching nine-tenths (87%) of the sample concluded that either the cost of fuel or household energy bills was the biggest worry for careworkers on the cost of living. Indeed, the proportion opting for energy bills exceeded the respective figure from the March 2022 survey by six percentage points.



A tenth of the sample replied ‘Other’, with respondents typically stating that it was all of the options presented in the graph, or a mixture thereof. The cost of childcare was also briefly mentioned as an issue. The most salient comments were as follows:

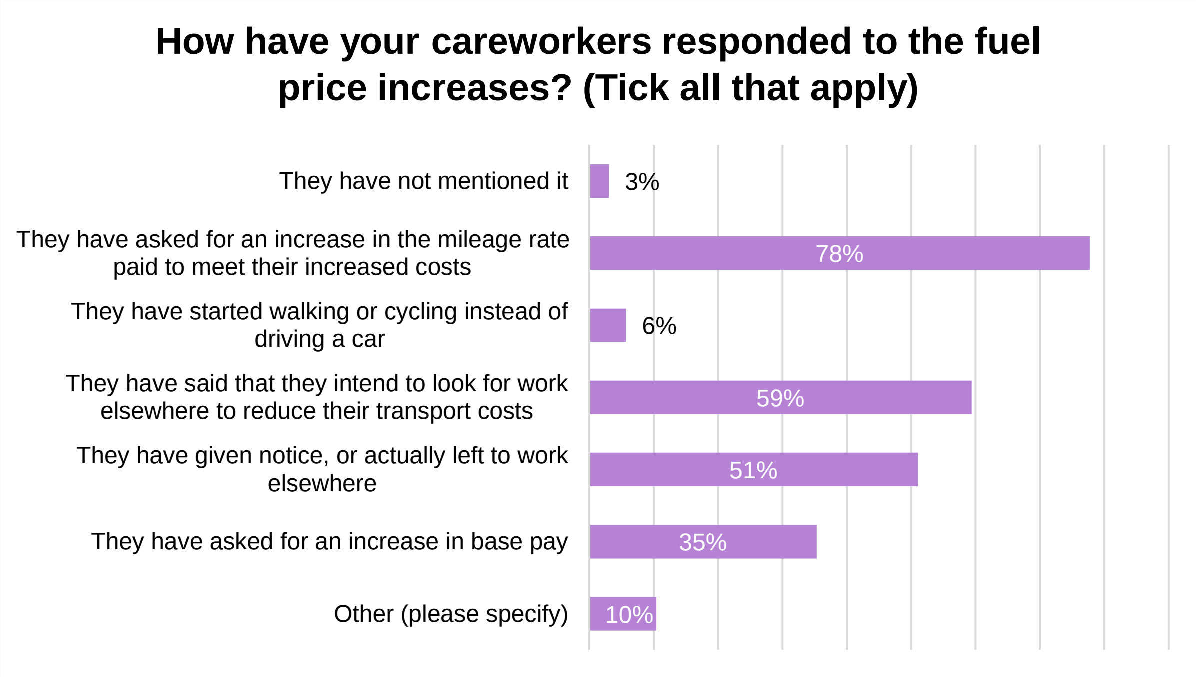
> *“Cost of living – making a decision to feed the entire family or just the kids.”*

> *“Cost of travel, especially with the strikes and the hot weather affecting services so [staff] have had to get more taxis.”*

Careworker response

Providers were asked to select all responses that they had received from their staff in relation to fuel price increases.

More than three-quarters (78%) noted that their careworkers had requested a rise in the mileage rate being paid. Much more concerningly, 59% said that staff intended to seek work elsewhere, while more than half (51%) stated that notice had been given or staff had already left.



A further 10% selected the 'Other' option. While some specified an increase in their mileage rates, respondents also outlined the impact that this matter was having on recruitment and retention of staff. Comments included the following:

> *"We have lost 3 really good staff [members] due to this and are finding it hard to get staff because of the fuel issue as we pay a good hourly rate. The fuel amount we now have to pay means we are literally working on the brink of closing the company and will make a substantial loss for this last year due to all the increases and the 'getting out of COVID' debt."*

> *"We rarely now get applicants who can or are willing to drive so… we have to organise our care rounds for walking only. This obviously increases travel time often between clients and, with only being paid contact time from our LA [local authority], the cost of delivery of care for the company constantly increases to a point of wondering if it is all worth it."*

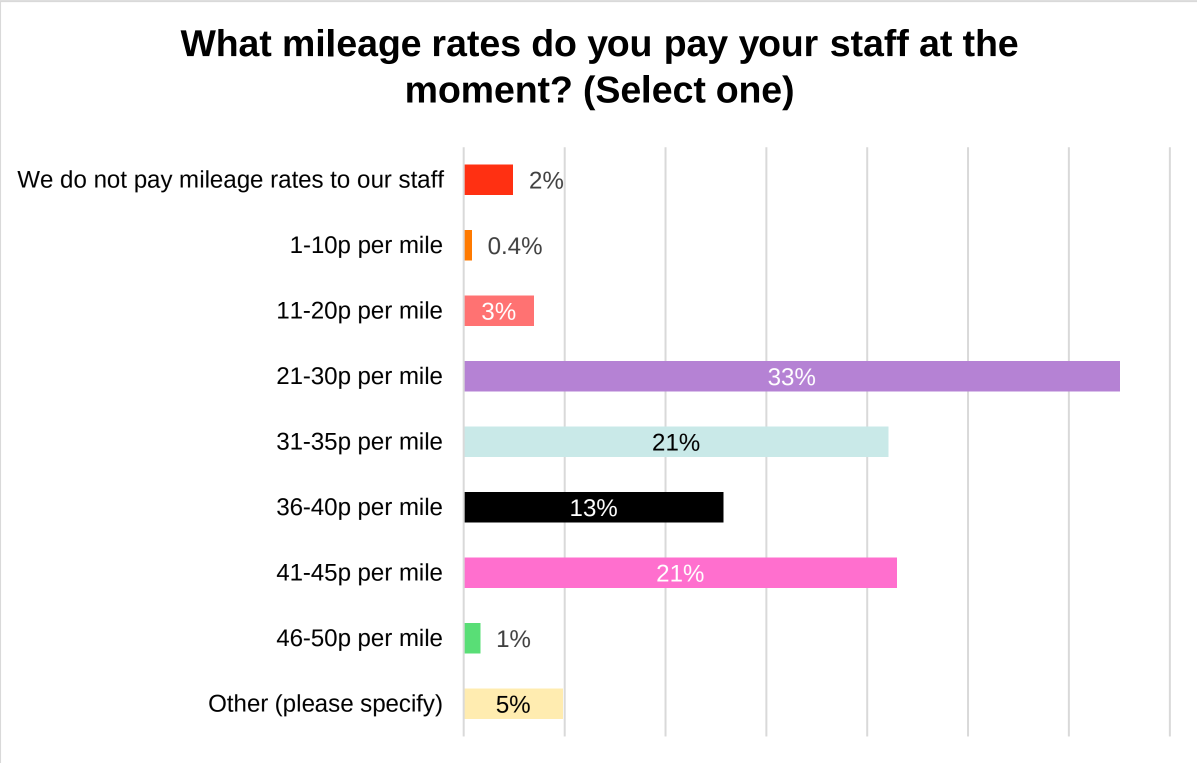
> *"We have given an increase of 25p per hour, but staff are still leaving."*

> *"Most drivers (70+%) have requested walking calls close to their homes and have threatened to leave if they do not get them."*

> *"We have added an additional £1.65 to [the] hourly rate to cover additional costs of living, including fuel. This comes from our bottom line, meaning portions of LA work [are] now being completed at a loss."*

Mileage rates

Over half (54%) of respondents were reimbursing their staff for mileage at a rate of between 21p and 35p per mile. Alarmingly, 2% claimed that they do not even pay mileage rates to their careworkers. On the flipside, more than a fifth (22%) were offering reimbursement between 41p and 50p per mile.

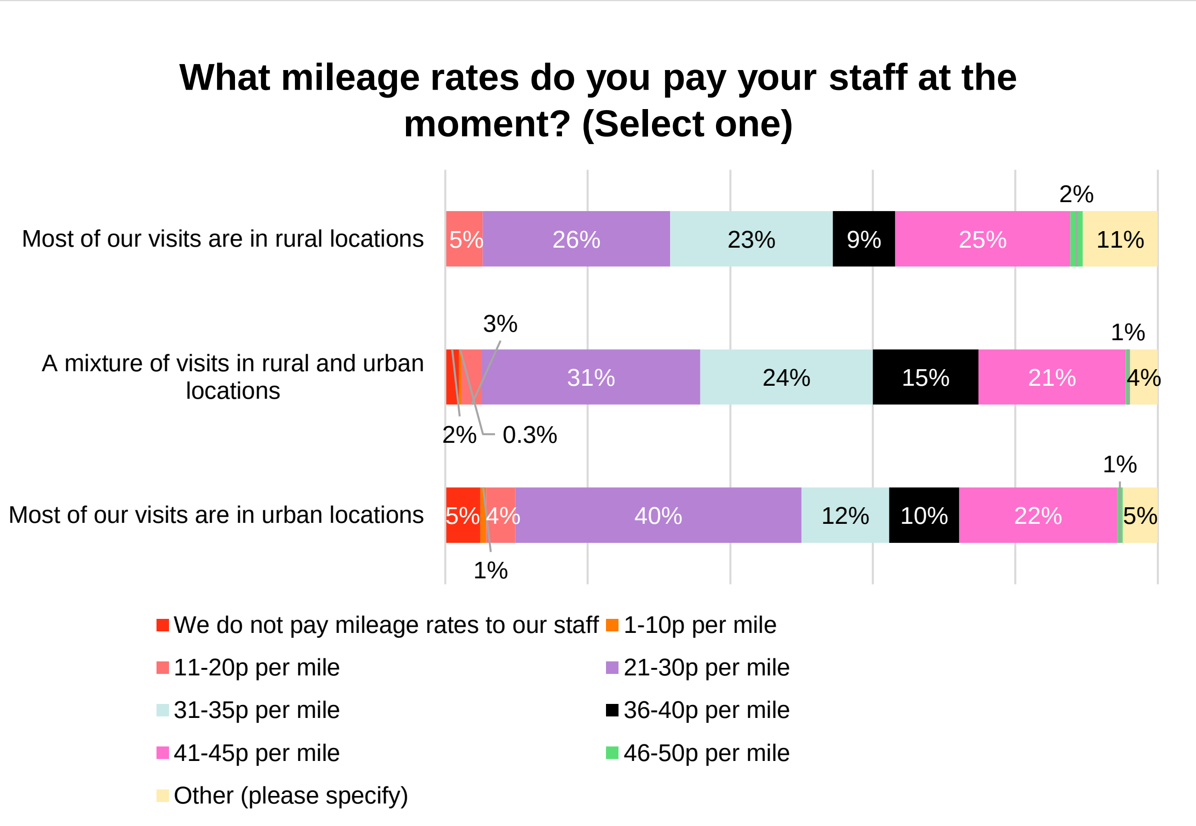


Within the ‘Other’ category, answers were rather varied, but included the following comments:

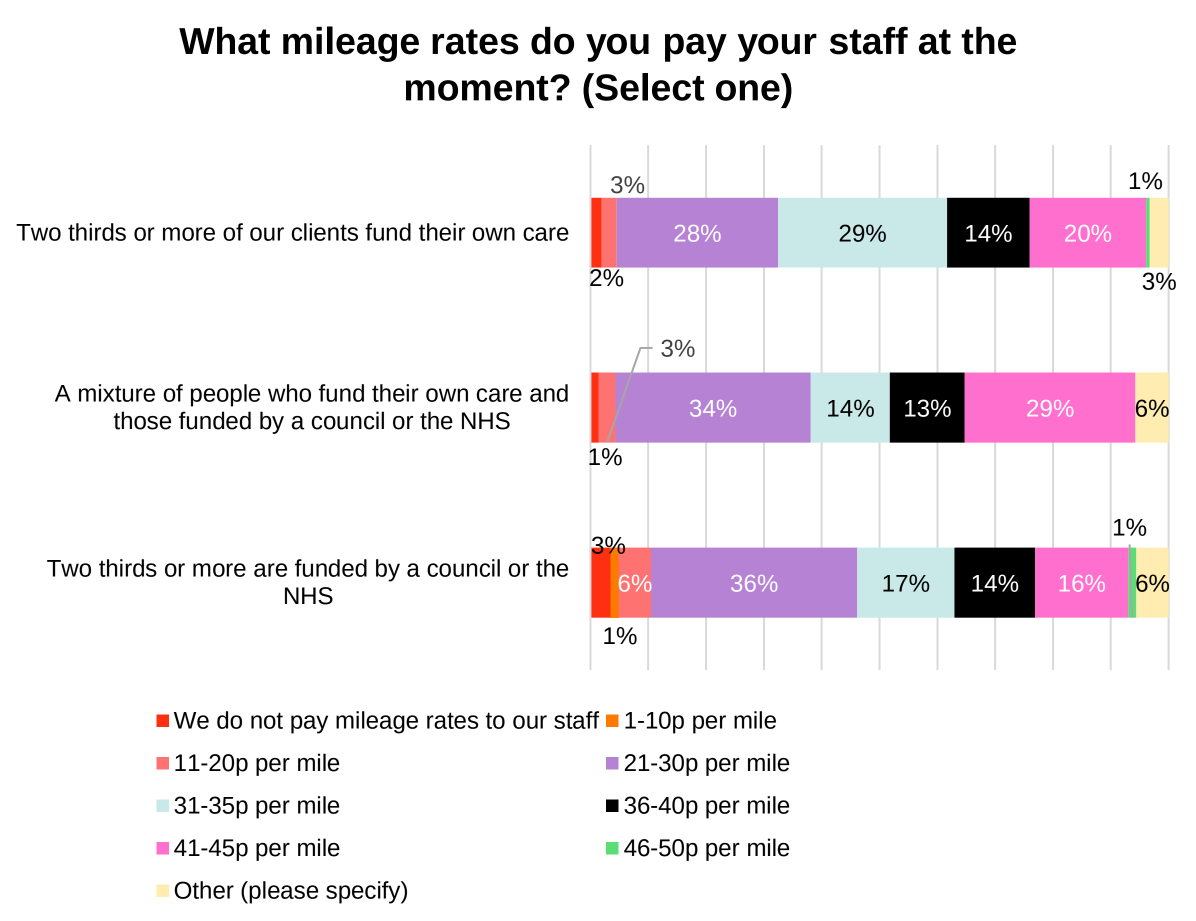
> *“We pay a travel allowance between calls, as paying mileage would not be sustainable and would make the company insolvent within 4-6 months.”*
>
> *“We pay a standard amount of £25.00 per week to support workers and we augment staff train/taxi fare.”*
>
> *“We pay between 32p and 40p per mile depending on [the] size of engine.”*
>
> *“We also pay extra for working out of area.”*
>
> *“At the moment, we provide [a] company car for the drivers. The non-drivers make a contribution to the driver, [which] is deducted from their pay. For those who want to use their [own] car, we pay mileage of 25p per mile.”*

"We are considering introducing electric bikes through a cycle-to-work scheme. We already have one carer using an electric bike."

When breaking the data down by location of visits, we see that half of respondents whose visits are predominantly in urban areas are paying 30p per mile or under. This proportion noticeably drops when the visit locations are a mixture, and then still further to under a third (32%) for rural areas. Indeed, for urban locations, 5% of providers do not offer any mileage reimbursement.

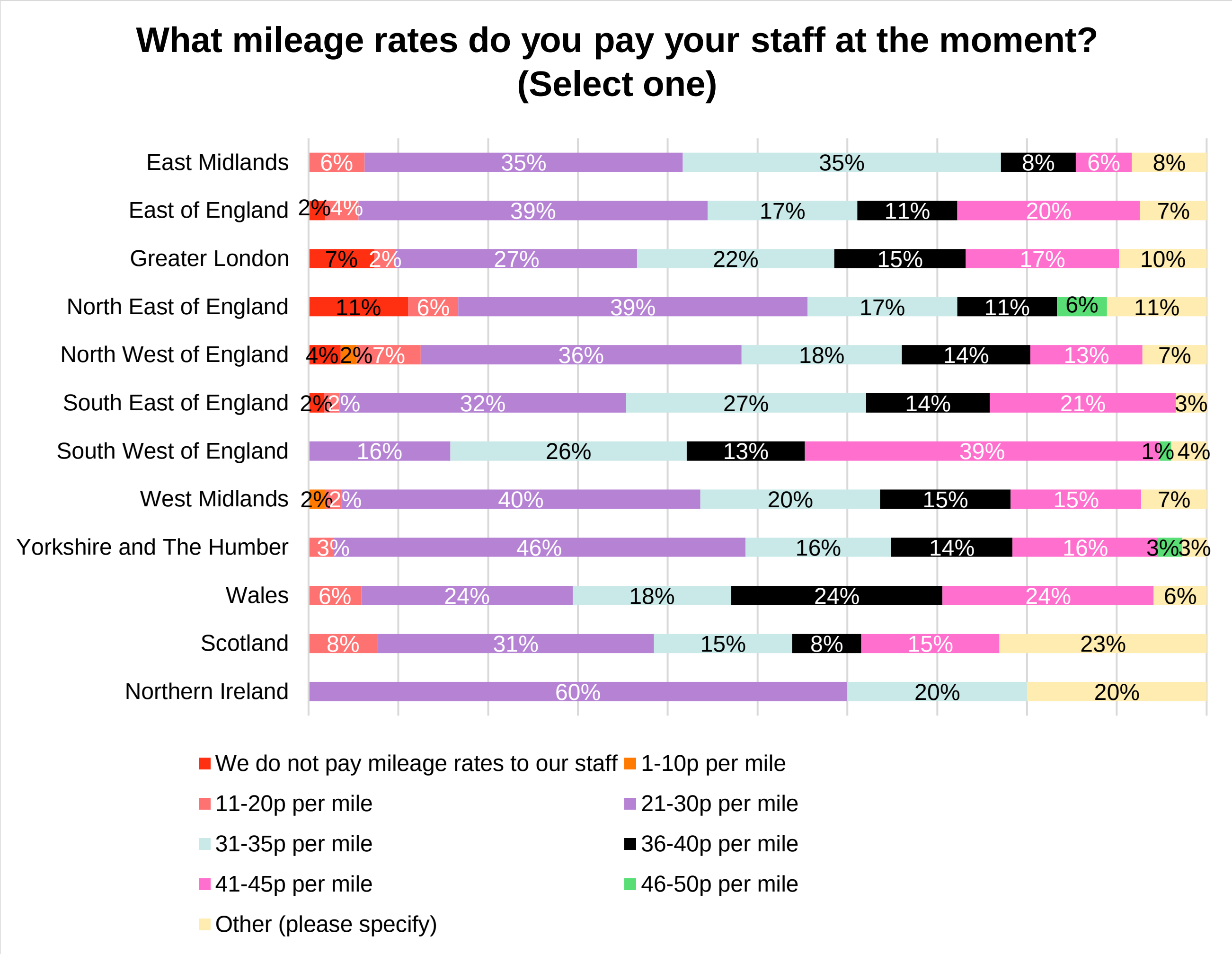


The data also reveals a difference of 14 percentage points between predominantly state-funded respondents and their private-pay counterparts regarding payment of 30p per mile or less for mileage.



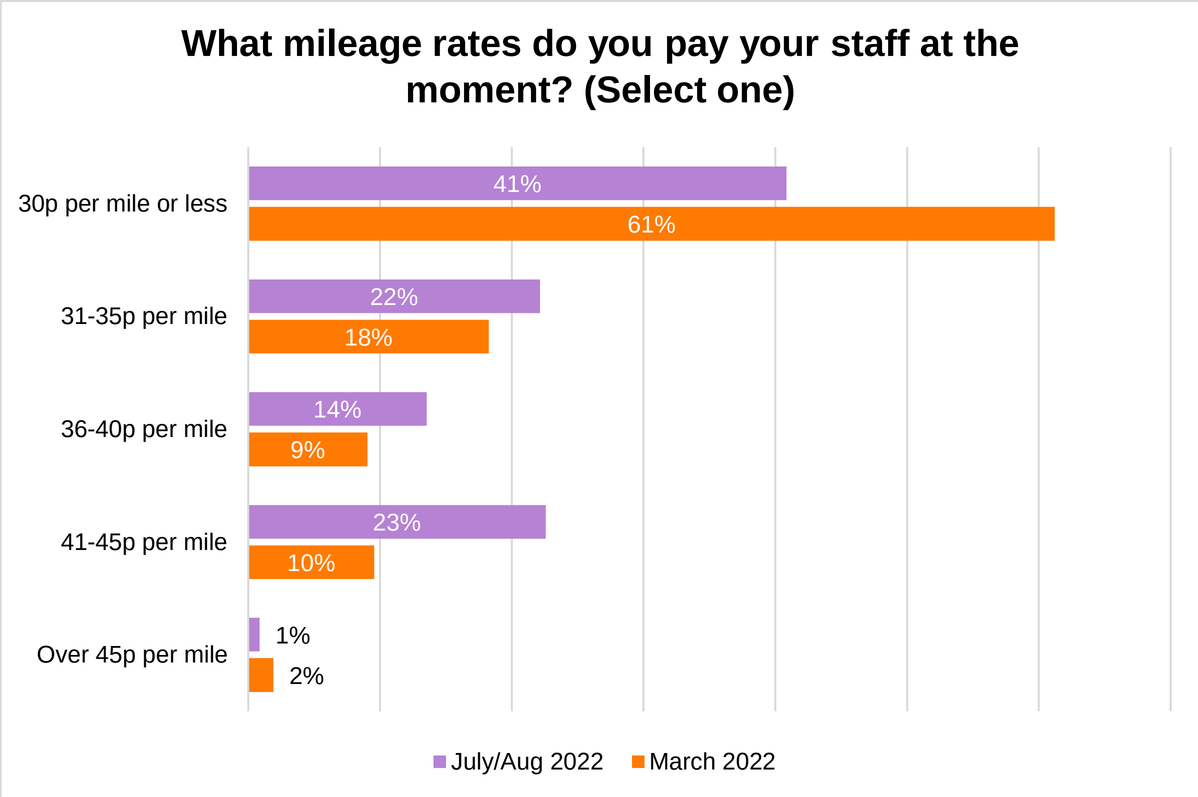
When continuing to consider mileage of 30p per mile or less, there was evidence of a North-South divide within England. For example, for the North East, North West and Yorkshire and The Humber, the proportion in this category ranged between 48% and 56%. However, this figure fell to 35% in the South East, and was as low as 16% in the South West.

Moreover, it should be stressed that, in the North East, more than a tenth (11%) of respondents were paying no mileage whatsoever – as previously outlined, fee rates are typically lower in the North than the South.



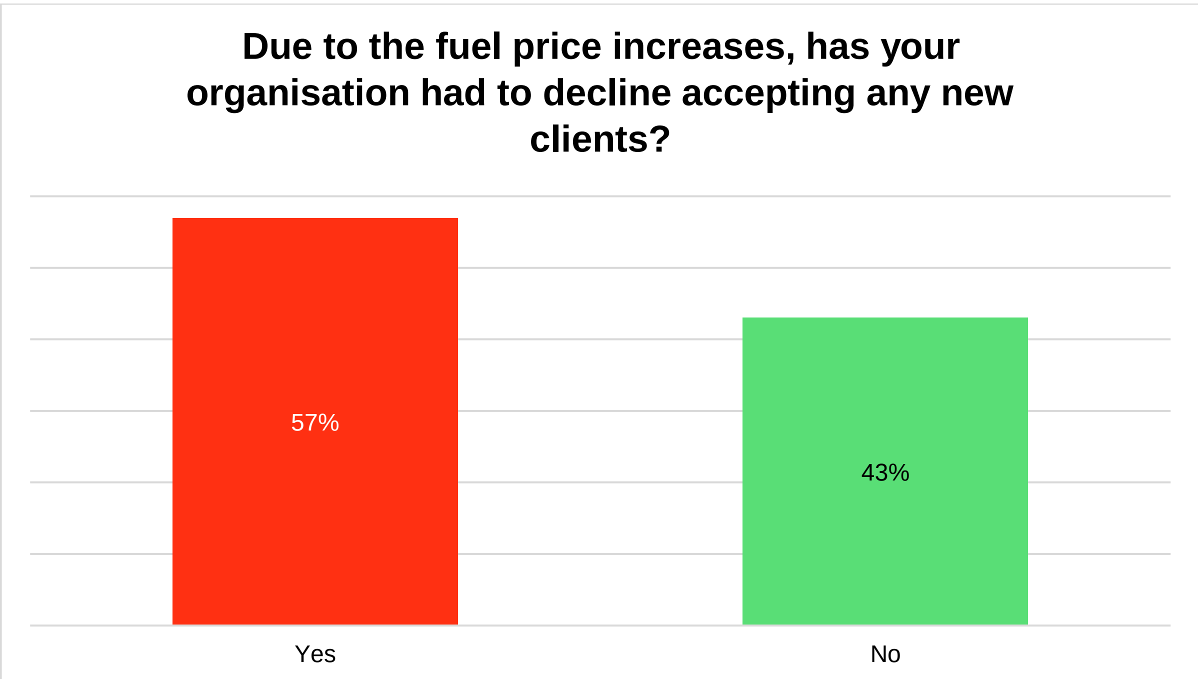
By pooling together options for mileage of 30p per mile or below and excluding 'Other', we can approximate a comparison between the overall results here and the previous running of this survey.

As a result, we can suggest that, in general, mileage rates have been increased since March 2022. Indeed, the proportion of respondents paying between 41p and 45p per mile has risen by 13 percentage points.

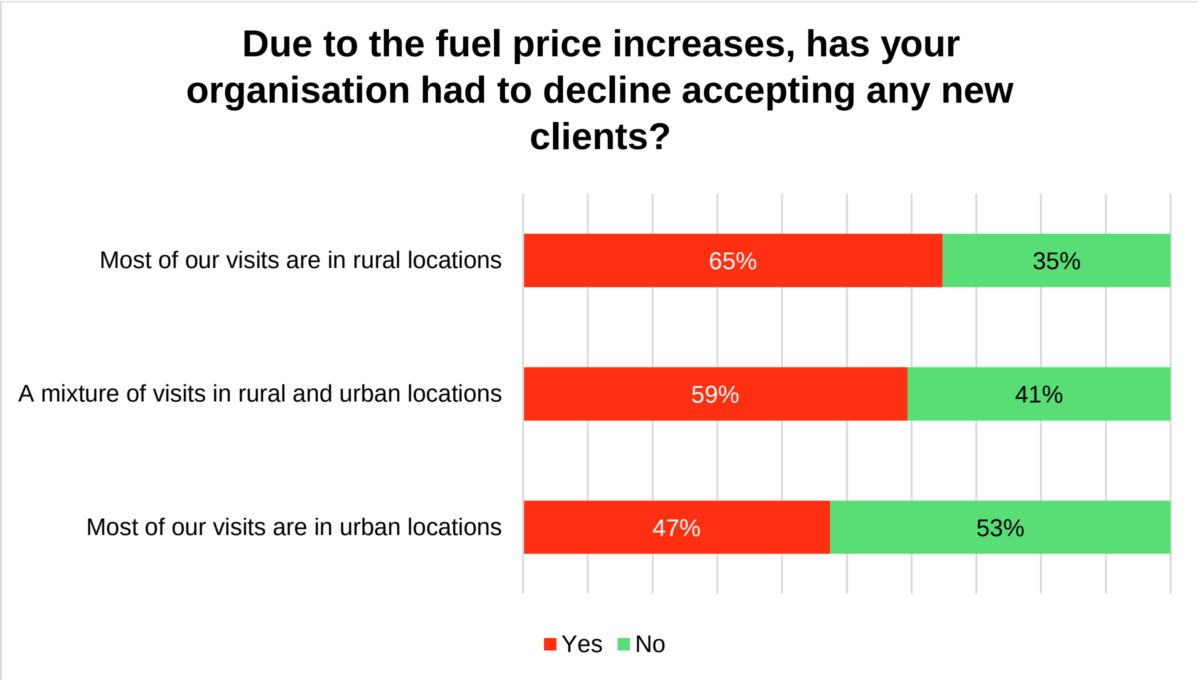


Declining new clients

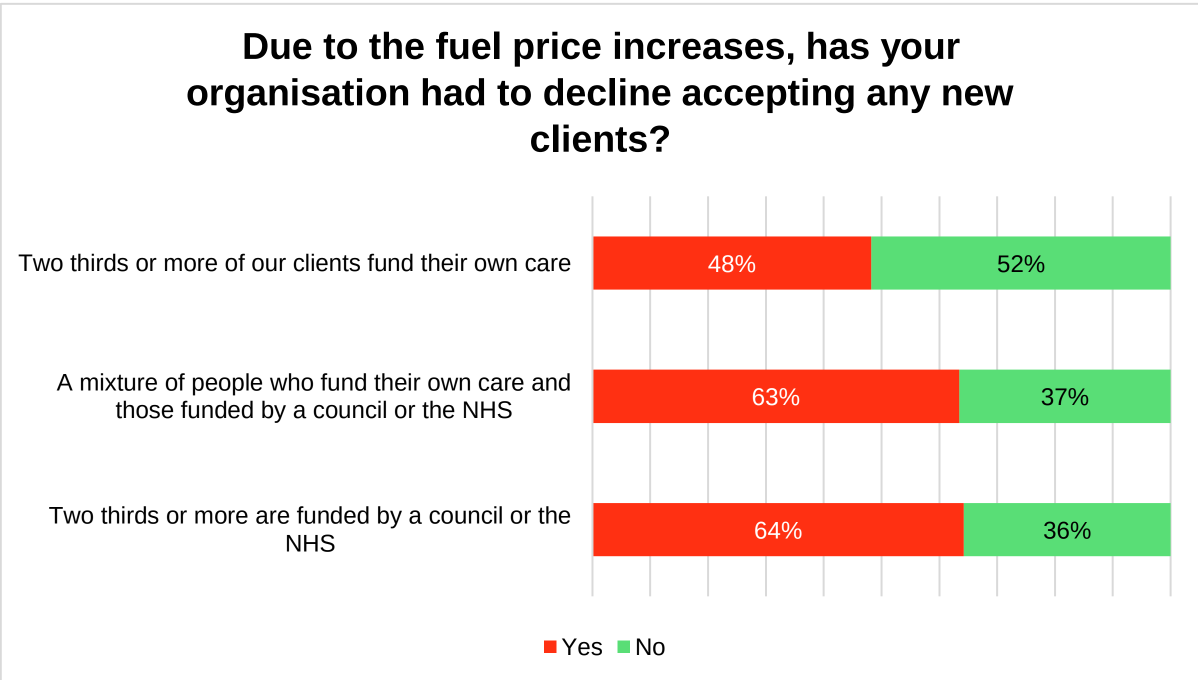
As a consequence of the rise in fuel costs, it is disconcerting that 57% of the sample have turned down some new clients.



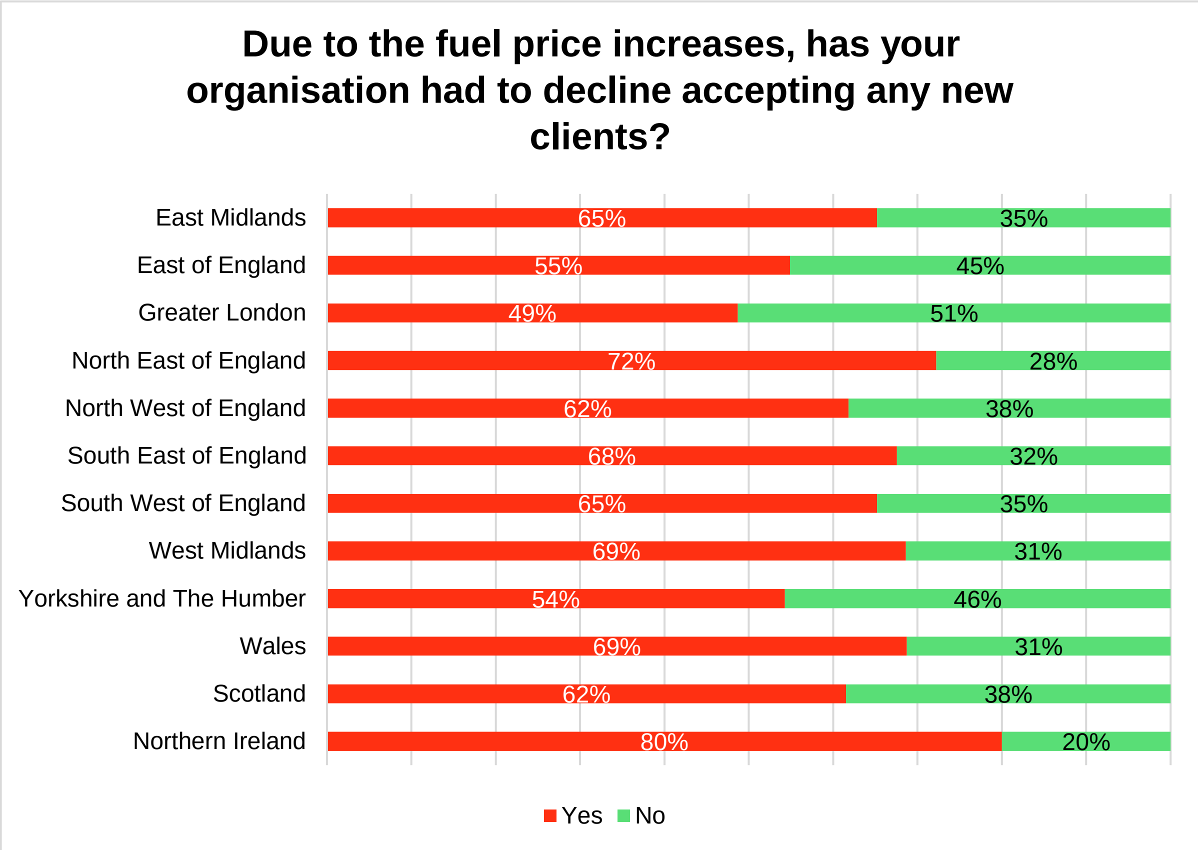
Responses suggested that more providers are declining to accept new clients in rural than in urban areas. Indeed, almost two-thirds (65%) were declining accepting any new clients where visits were predominantly rural – 17 percentage points higher than that for providers of mainly urban-location visits.



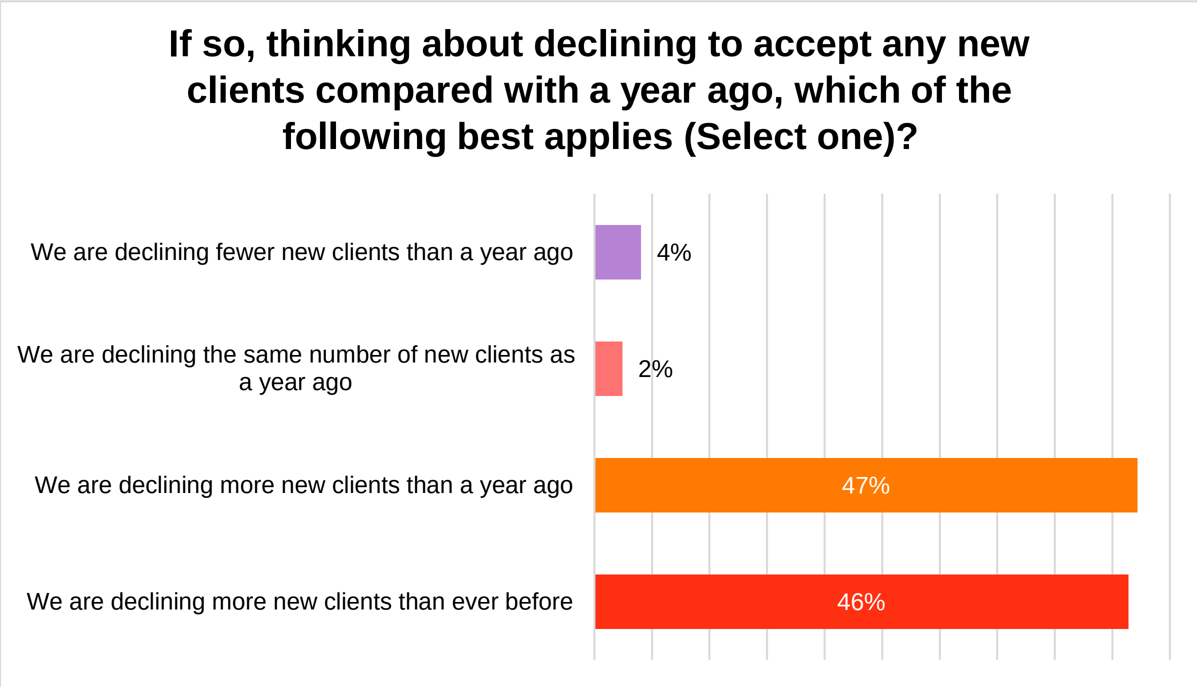
In a comparable pattern, 64% of predominantly state-funded providers have turned down new clients, compared with 48% of those reliant on self-funders.



Other than Greater London, the majority of providers in every region of the United Kingdom have refused new clients as a result of fuel price increases. In England, 72% of North East respondents have done so (albeit using a smaller sample size than most other regions).

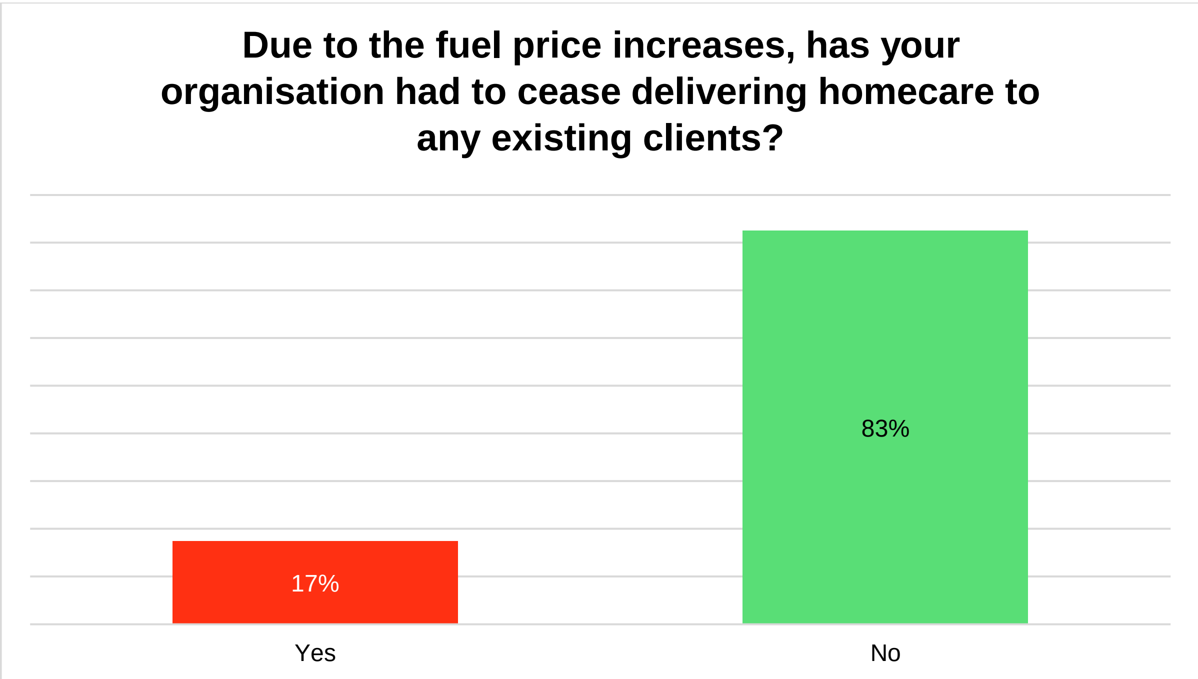


Of those that have refused new clients, 94% claimed that they either have declined more than a year ago or more than ever before.

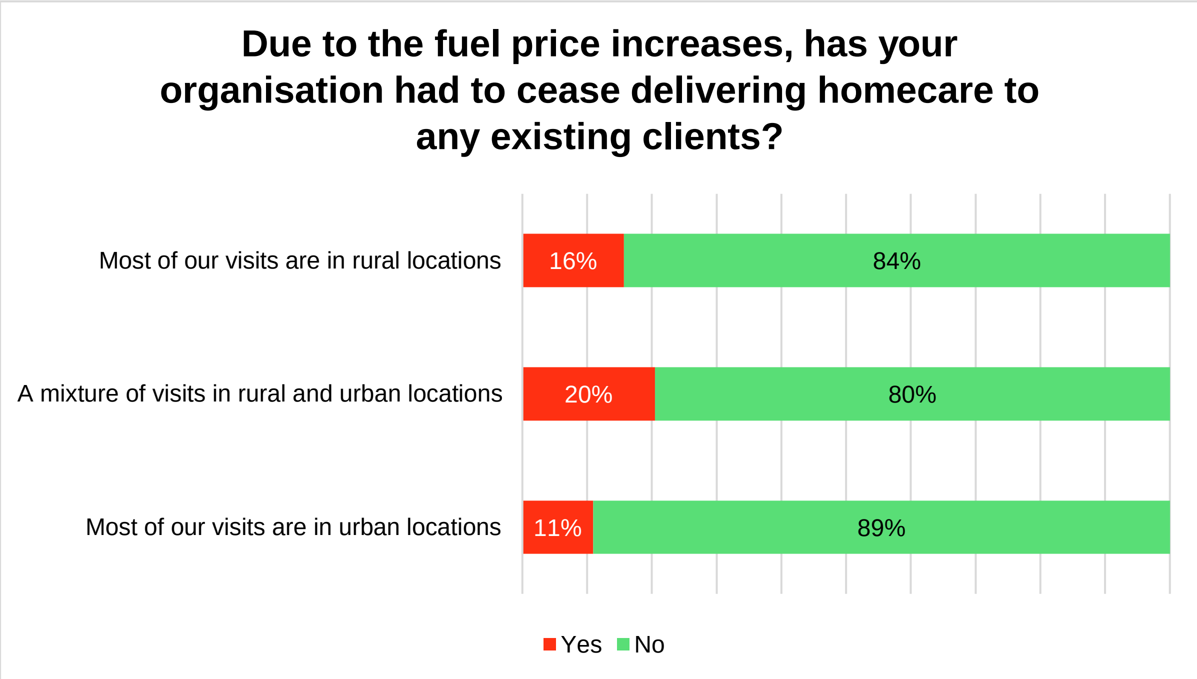


Ceasing care to existing clients

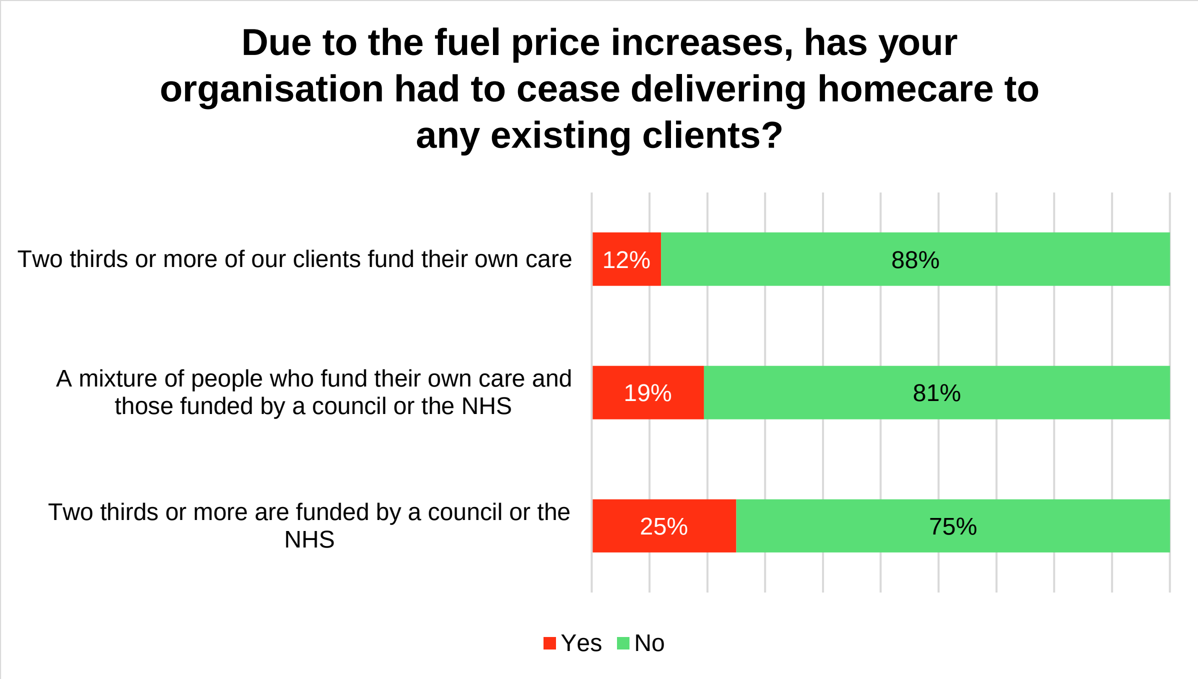
Approaching a fifth of the sample (17%) noted that they had ended care to any current clients.



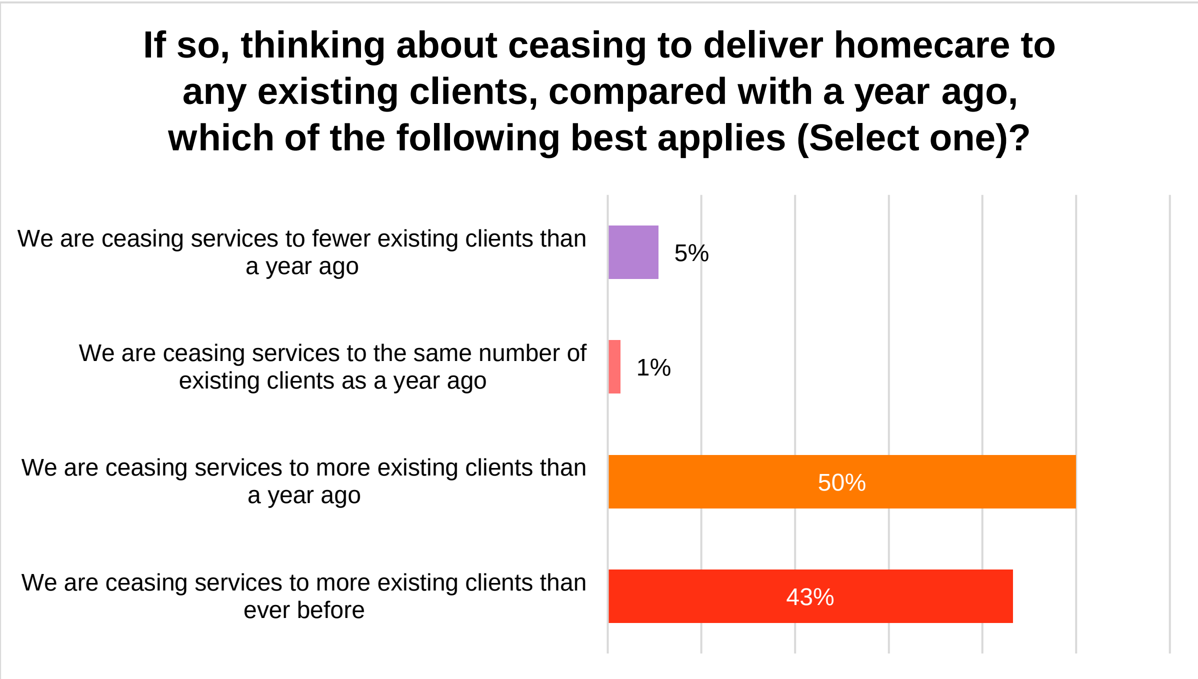
When breaking responses down by visit location, 11% of members whose present clients are mainly in urban areas have stopped delivering some homecare. The proportions for providers who predominantly visit rural locations or a mixture were higher, but the difference was not as substantial as that seen above for refusing new clients.



A quarter of respondents who are mainly in the state sector had stopped the delivery of care to some existing clients – a figure is that 13 percentage points beyond that recorded in the private-pay part of the market.

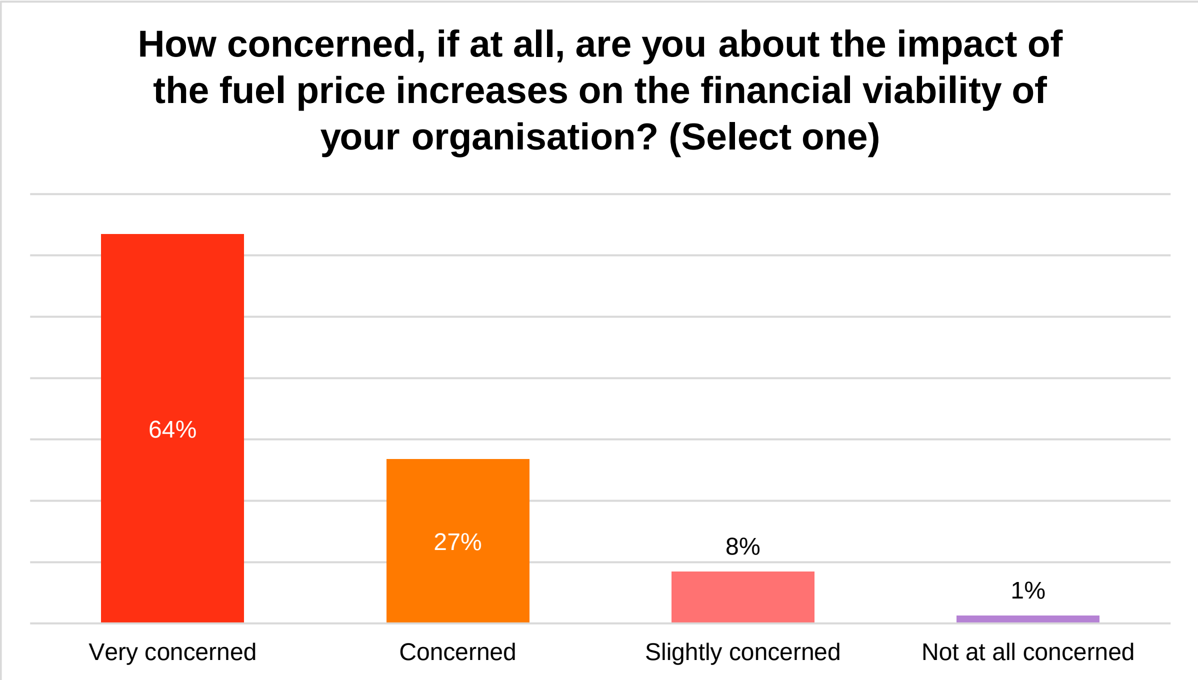


Of those ceasing care to any existing clients, 93% were doing so either more than a year ago and more than ever before – a comparable proportion to that for those refusing any new clients (see above).

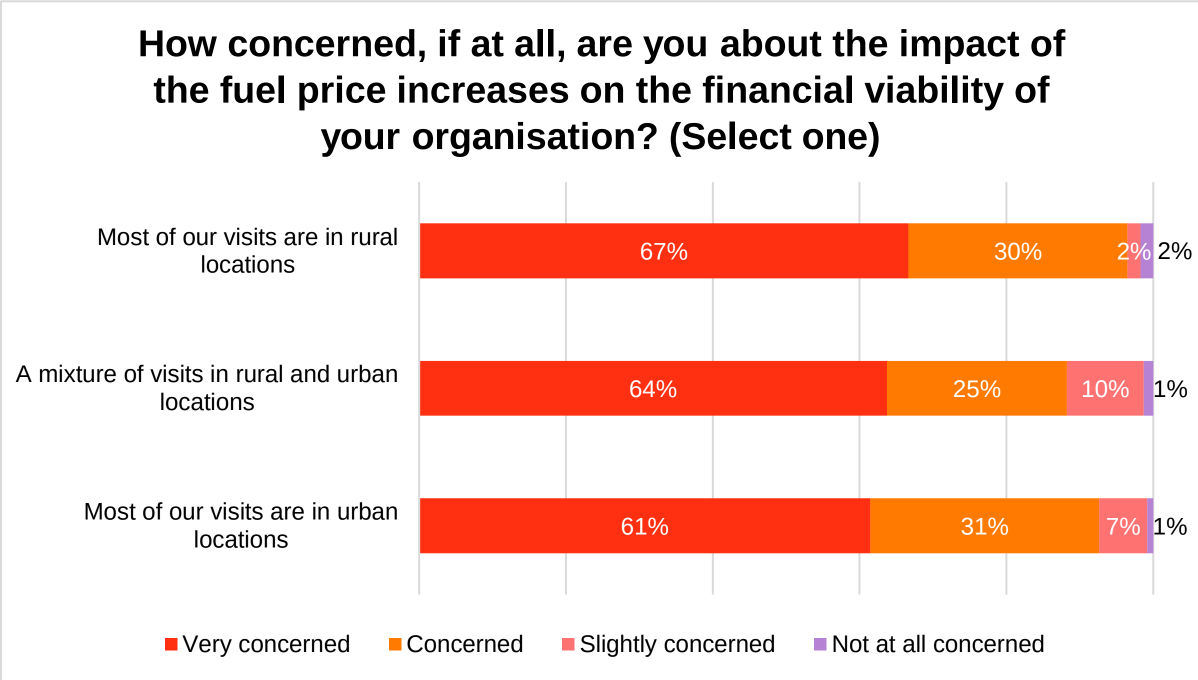


Financial viability

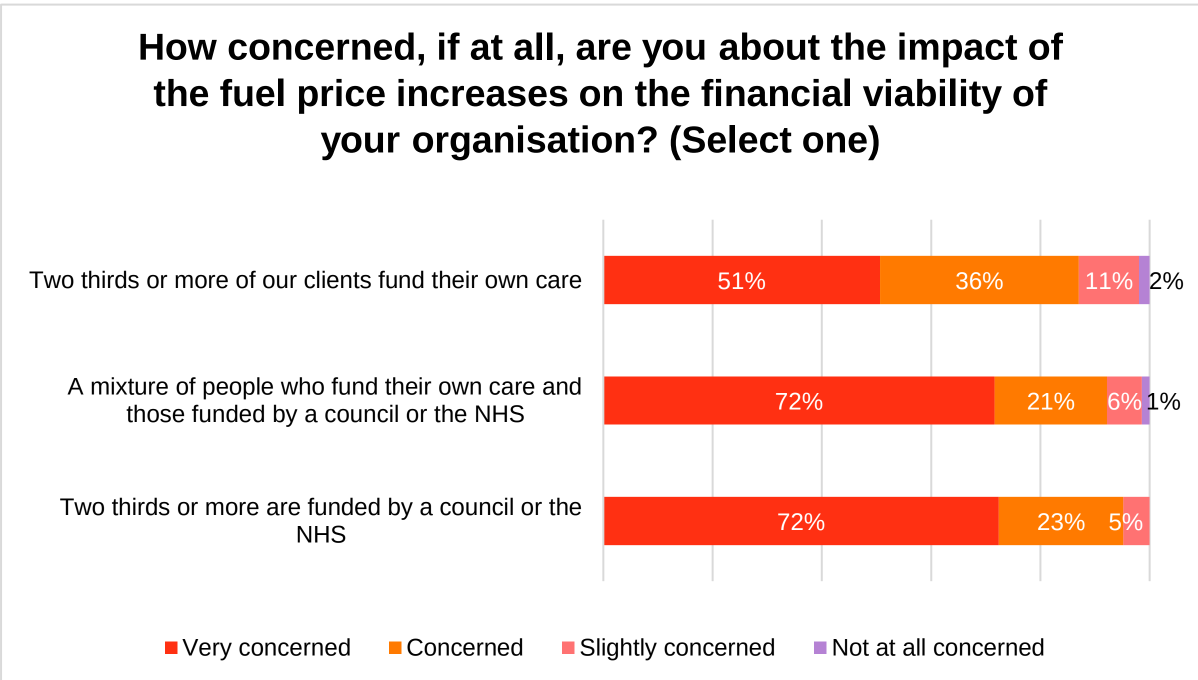
A huge nine-tenths (90%) of the sample described themselves as either concerned or very concerned by how the increase in fuel prices could affect the financial viability of their organisation. This percentage was similar to that from the March 2022 running of this survey. Approaching two-thirds (64%) were very concerned.



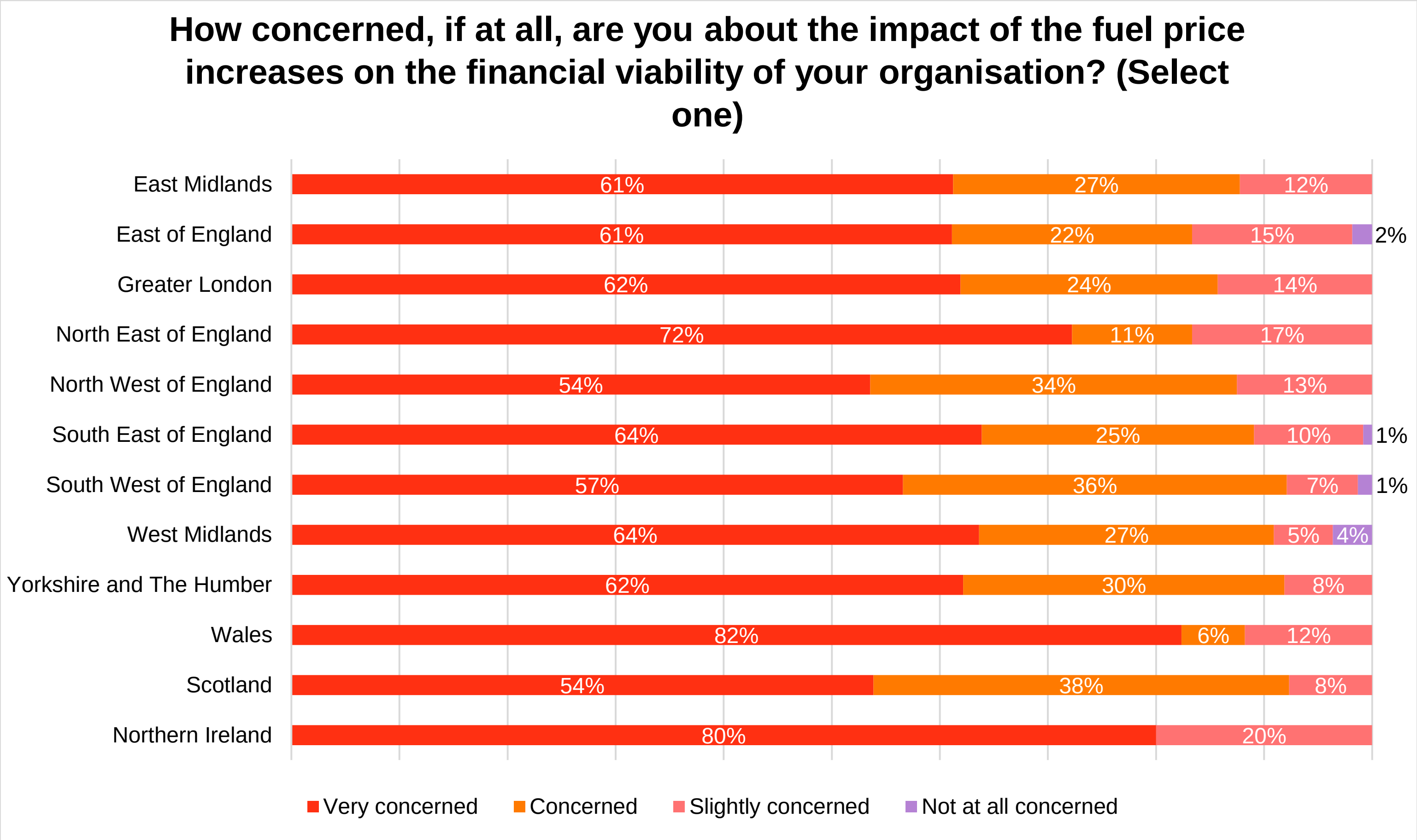
96% of respondents whose clients are mainly in rural locations were either concerned or very concerned. While this is a higher proportion than that for those who focus predominantly on urban locations, the difference is only four percentage points.



Close to three-quarters (72%) of state-funded respondents were very concerned about their business's financial viability – a proportion which exceeded that for private-pay providers by a sizeable 22 percentage points. Indeed, 95% of the sample funded predominantly by local authorities or the NHS were concerned or very concerned, with no respondents replying 'Not at all concerned'.

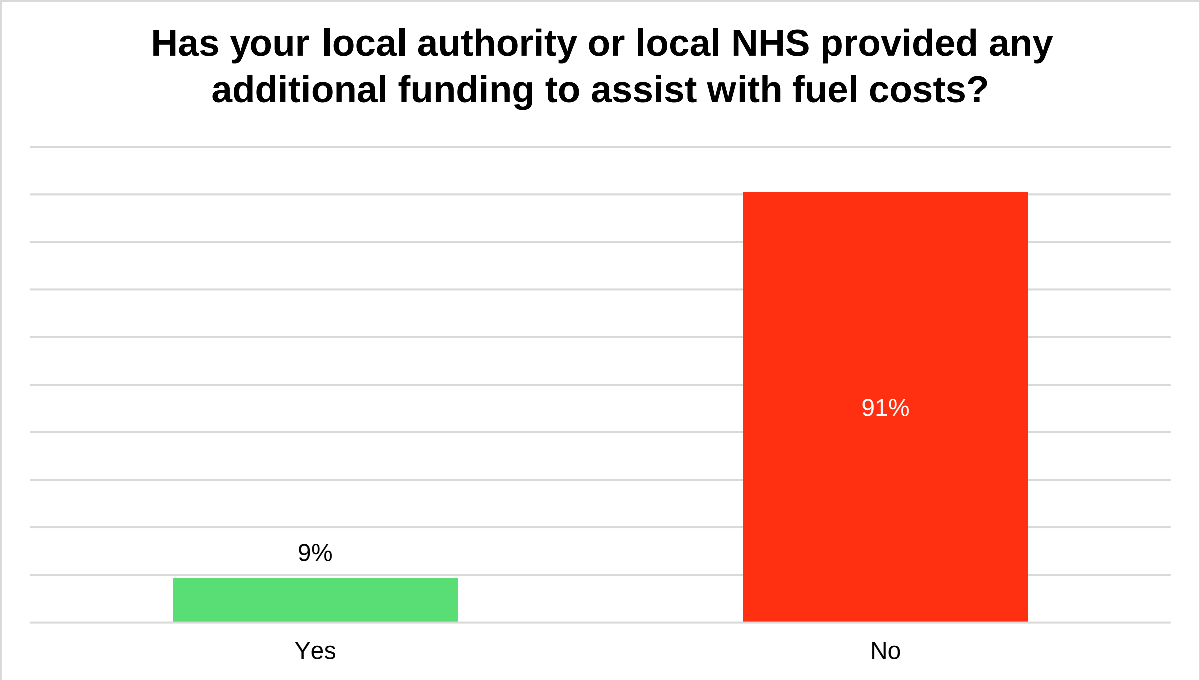


There was apprehension about financial viability across the UK, with the proportion replying ‘Very concerned’ or ‘Concerned’ ranging from 80% to 92% amongst regions. It was also striking that, in two-thirds of the combined English regions and devolved administrations, there were no respondents who had no concern whatsoever about the problem.



Additional funding

Less than a tenth (9%) of respondents determined that additional funding had been supplied by either the local council or NHS to help with the fuel price rises.



If more money had been injected, we then asked respondents to name the public organisation in question, and detail the funding package. Where a public organisation was named, these included:

City of Bradford Metropolitan District Council

- "Have provided fuel grants to providers."

Cheshire West and Chester Council

- "Provided a small lump sum of £2,000 in order for us to increase mileage rates. This will cover only a short period of time."

Cumbria County Council

- "Has made a travel grant available but [is] insufficient and will run out in September."
- "Homecare Travel Fund [of] £34,694.60 (not getting paid until 01/08/2022). Although most welcome, only a small amount compared to what we pay out."

Derbyshire County Council

- "A temporary increase of 16 pence per VISIT - welcome, but nowhere near enough."

Durham County Council

- "Has increased our hourly rate by £0.28. We have passed the full amount on to our carers' mileage allowance."

East Sussex County Council

- “[Has] provided funding from the 'recruitment and retention fund' which has allowed us to pay all frontline staff a 'cost of living' bonus.”

Essex County Council

- “They are going to pay an extra 12p per hour on commissioned hours in arrears.”

Flintshire County Council

- “Providing a grant but the final figure has not been decided.”

Gwynedd Council

- “Provided a 9.07% uplift on fees for 2022-23. This is also an interim increase… However,… the situation locally has declined further and Gwynedd now boasts some of the highest waiting lists for care in Wales as staff seek alternate employment elsewhere.”

Kirklees Council

- “Have… (a few months ago) increased their payment to help with the cost of fuel.”

Norfolk County Council

- No details provided.

Rhondda Cynon Taf County Borough Council

- “5p per mile.”

Rutland County Council

- No details provided.

Stirling Council

- “Offered 1 hours’ base rate for every 100 hours of care delivered. While we appreciate this, we solely operate in a rural setting. We can no longer accept council clients as a result of our base rate being so low.”

Swindon Borough Council

- “Increased hourly rates by an extra 32p so providers can increase mileage rates to carers.”

Wakefield Council

- “[Has] just offered some financial support towards the cost of petrol.”

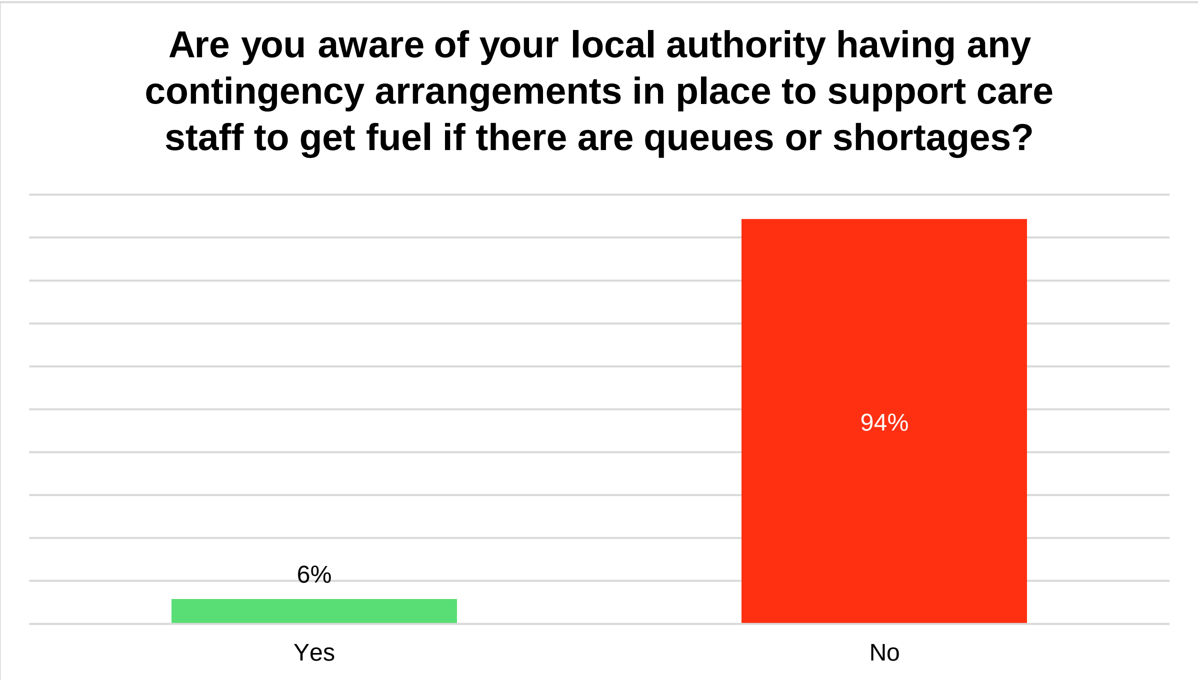
Some responses where a public organisation was not named are also worthy of mention:

- “Several local authorities have provided one-off cash sums of up to £500 per worker earlier in the year, but that benefit has long gone and the situation has worsened.”
- “20p per hour extra for urban calls and 40p per hour for rural. Not enough.”
- “[Local authority] gave a one-off extra payment in April.”
- “£0.32 per hour pro rata added to base rate.”
- “£4,500 over 3 months for additional costs.”

Contingency arrangements

A meagre 6% knew of contingency arrangements produced by their local authority so that careworkers can obtain fuel in the event of queues or shortages.

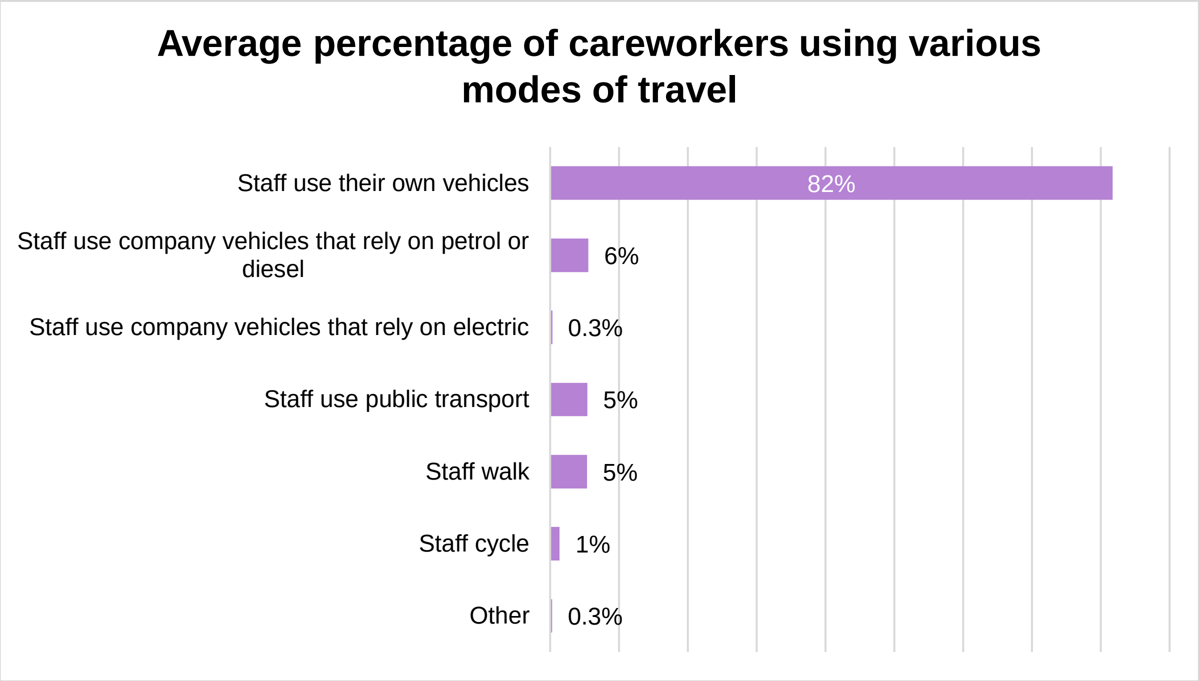
Of the 23 respondents who were aware of such arrangements and specified their location(s), five apiece were in the East of England, South East of England and multiple regions.



Modes of travel

Respondents were invited to estimate the proportion of their staff who use different means of travel to carry out their work. Average percentages across all respondents for each transport method are shown in the graph below.

87% of careworkers use either their own vehicles or company vehicles (whether powered by petrol or diesel), with more than four-fifths (82%) alone driving their own vehicles. Around 5% apiece use either public transport or walk to clients' homes.



Organisational measures

The sample was presented with an assortment of potential measures to help tackle the rise in fuel prices and were requested to select all those that they had enacted so far.

Consequently, the three most popular options were:

- Nearly two-thirds (64%) had increased their mileage rate.
- 41% had augmented the rates in base pay for their staff.
- Just under two-fifths (38%) had offered cash advances.

Around a fifth also chose the 'Other' category. Within this, numerous other ideas were postulated, including issuing fuel cards, reorganising rotas to reduce mileage, car sharing and paying staff weekly for mileage (rather than monthly). Comments made here included:

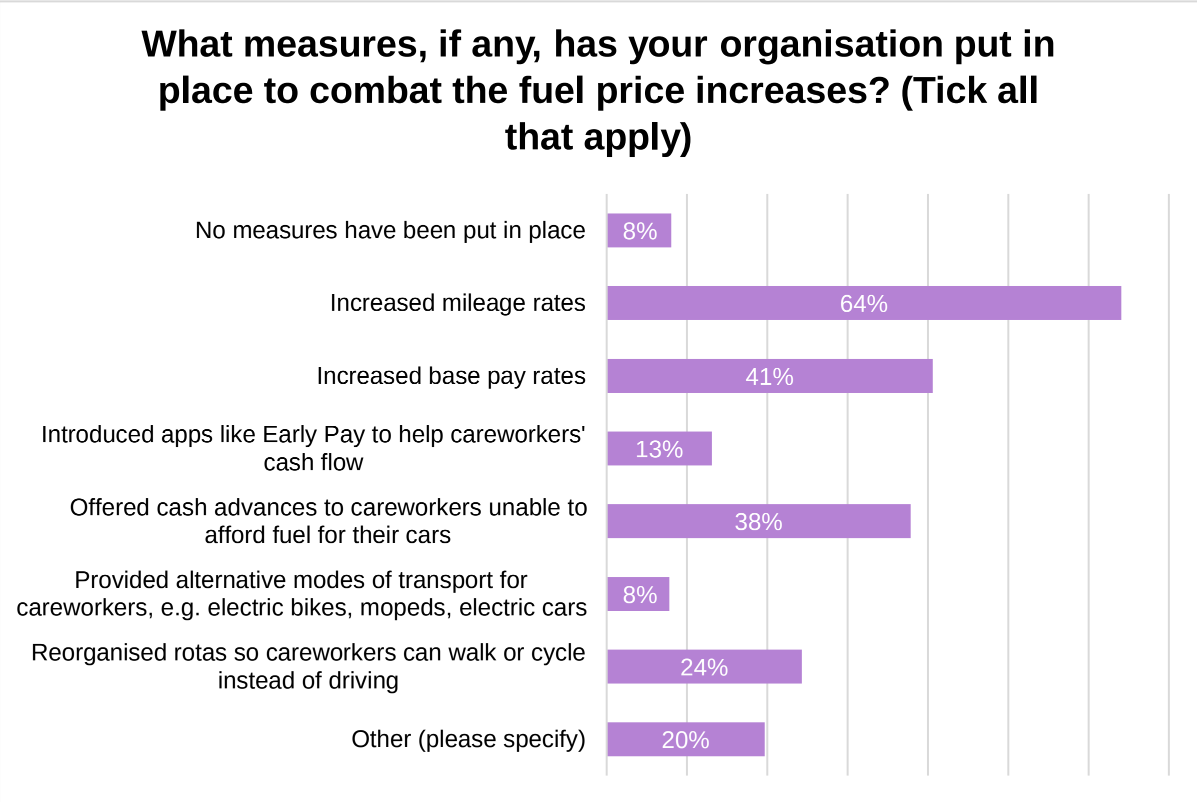
"We no longer take cases outside specific areas. We look for work close to our offices (where 50% of our work is in any event) and in two other cases, where we have significant quantities of work."

"[We have] charged clients [for] petrol as well as care rates, if they are the only visit call in [a] rural area. [We have] also charged clients for petrol to do shopping calls, [and] encouraged online shopping and home delivery for supermarket shopping."

"[We have] asked our staff to download [a] petrol prices app to help them locate the cheapest petrol station."

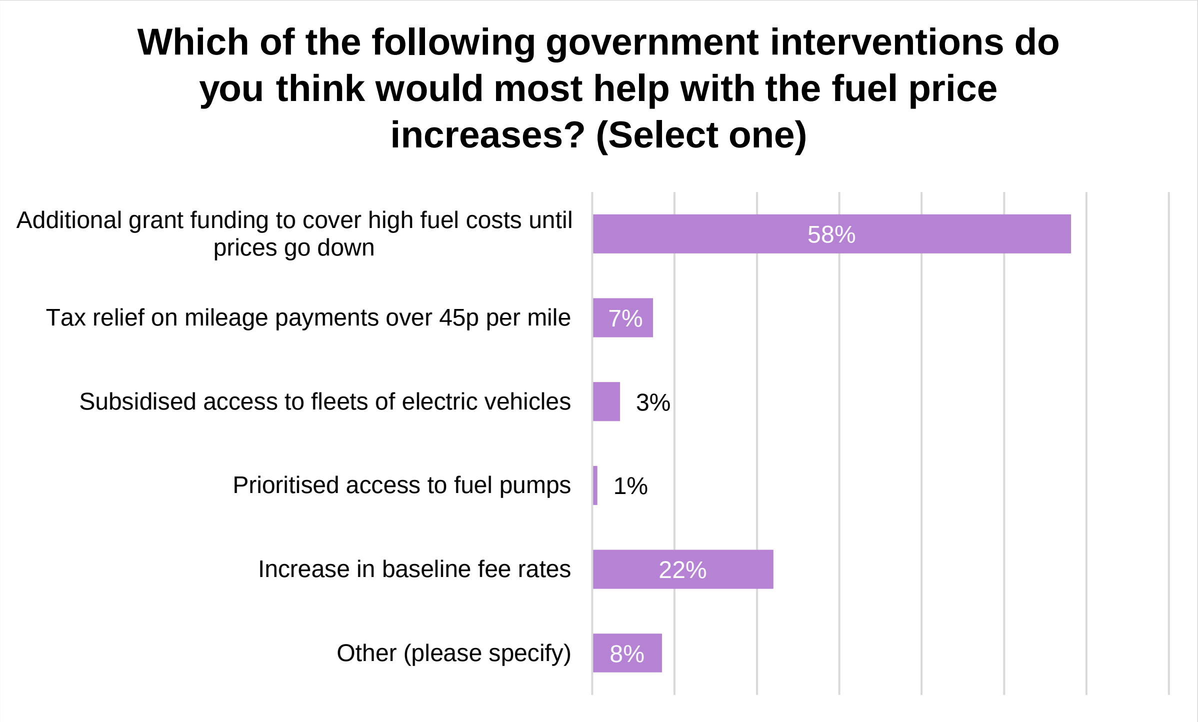
"We have invested in our bespoke IT system to help us build runs (clusters of clients in a small area) more efficiently. This cuts long journeys, hence fuel cost impact."

"We have bought 3 cycles and are starting a cycle route for carers to be able to use instead of cars. We have organised a cycle proficiency course for all carers who want the opportunity and are working with the council to arrange cycle rounds in our urban areas."



Government interventions

From the options on offer, a clear majority (58%) concluded that additional grant funding on a temporary basis would be the most effective government intervention to combat the increase in fuel prices.



8% of the sample opted for 'Other'. While some suggested a mixture or all of the options listed in the graph above, there were other proposals – for example:

- "The removal of VAT on fuel for careworkers when using [a] car for work purposes."
- Discounted fuel for staff.
- "Additional payment to cover mileage AND travel time for rural clients."

Other thoughts were also offered:

> *"The care sector has sucked up massive increases - insurance costs, fuel costs, uniform costs, wage increases, NMW [National Minimum Wage] changes and at a time when it's been stretched in terms of recruitment. Our local NHS trust offered a 50p on the hour increase this April – less than the NMW... There's no crossover between the rocketing cost of service delivery and the fees being paid. It's a joke."*

"It's absolutely disgusting how little community support workers are worth to ALL commissioning bodies. Not one of these individuals would work for the rates they want others to work for."

"We need long-term increases so that we can plan ahead and budget. Whilst grant funding helps in the short term, I am concerned on the impact by any withdrawal in the future. Our sector pay and conditions is not keeping pace with wage inflation across competing sectors."

Effect of ULEZ and CAZs

We also wanted to know about the effect of the proposed Ultra Low Emission Zone (ULEZ) expansion in London or Clean Air Zones (CAZs) in other cities. In particular, we asked how their organisation or commissioners in their area were managing (or expecting to manage) this additional expense.

Considering only those to whom the question was applicable and who had considered the matter, a few claimed that they may not be able to provide care to clients in the ULEZ.

Here are a selection of comments in answer to the question:

"We have been told by authorities in these areas that we must accommodate the costs of travelling in and out of these areas as no additional funding is available. In some cases, this has resulted in us having to cease care provision due to the cost of entering these zones multiple times a day… resulting in packages supplied at a loss to the business."

"We…were told [that] no consideration will be made for community services. Overall, respiratory health is important and ULEZ is a good initiative, but I might cry if I have to absorb any more costs or rejig any more staffing. Recruiting drivers is very hard now compared to 10 years ago."

"[We] only accept clients that are close to our carers who are already within ULEZ. [We] will not recruit outside ULEZ for clients within ULEZ. This is a problem as recruitment is difficult enough as it is. I feel that clients living within ULEZ will be at a disadvantage because of this."

"In Oxford, we will not be providing care in ULEZ until we are offered permits. In Oxford, we are also impacted by the recent implementation of Low Traffic Neighbourhoods (LTNs) which increase travel distances and time."

"We are still awaiting a response from the commissioners."

“[We are] not yet affected, but [are] massively concerned that it is being discussed to be extended to our area.”